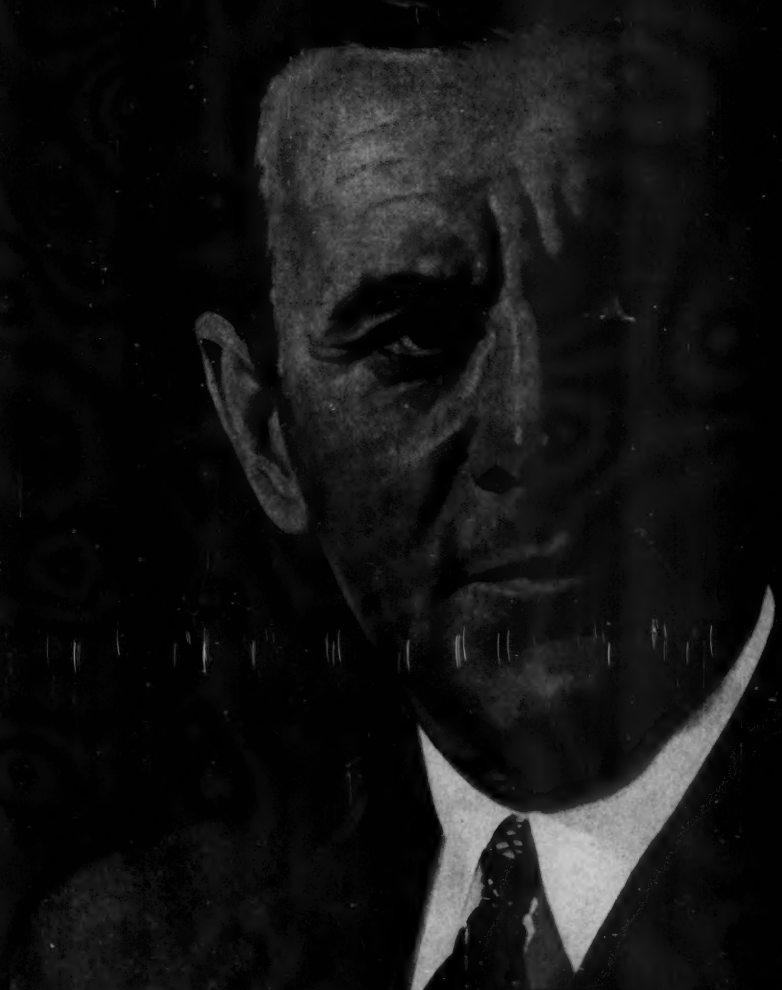


BUSINESS WEEK

FEB. 22, 1947



Harvey S. Firestone Jr. An assignment for tomorrow that recalls a friendship of yesterday (page 8)

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typical example of B.F. Goodrich improvement in tires

EVEN the largest B.F. Goodrich truck tires are now better than prewar. The latest improvement is a nylon "shock shield" right under the tread to break the force of sharp blows. It is used in sizes 8.25 and larger.

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body. That protection means a four-way saving:

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Nylon was used by B.F. Goodrich as early as 1942 in building airplane tires for the army and navy. The shock-resisting ability of nylon cord made it ideal for use in big tires where 80-ton loads had to be set down at high speeds on improvised landing strips. It was used in all tires for B-29 bombers.

The development of truck tires with a nylon shock shield is typical of the constant improvement being made in all types of tires by B.F. Goodrich. Only from B.F. Goodrich can you get truck tires built with a weftless rayon cord body. Now they have the extra protection of the nylon shock shield. Nylon makes them more expensive to build, yet they sell at regular prices. Before you buy tires, see the B.F. Goodrich man. *The B.F. Goodrich Company, Akron, Ohio.*

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G.O.P. "GROWING PAINS" give Congress the appearance of confusion.

It's not entirely untrue. But you shouldn't take it too seriously.

To a considerable extent, the situation today is due to the natural letdown between the start of a session and the time major bills get rolling.

There is no basic Republican split over objectives, such as tax and spending cuts and labor curbs. Rather, the babel arises over how to do the job.

Just take labor as one sample: Republicans are no farther apart on what to put into their legislation than the people who are telling them what to do.

But the arguments over how to do it leave Congress without the outward semblance of knowing what it is doing. The thought is being reflected in some of the mail congressmen are getting from the folks back home.

However, the alternative is steam-roller, or rubber-stamp.

Conflicting Republican presidential aspirations in Congress add to the hesitancy.

The G.O.P. has this year, and next, to write a record which its candidate can take to the people in his bid for the White House.

But which candidate?

The question is particularly acute in the Senate. Half a dozen senators can see themselves as a compromise choice if the Taft-Dewey race goes to a deadlock.

So, coyness shows up in curious ways. Just the other day, for example, a couple of newspapermen made a personal poll of G.O.P. senators on their choice for a '48 candidate. Vandenberg turned up an easy winner with twelve votes, to seven for Taft, six for Dewey. Stassen, the only announced candidate, got five.

Republican conflict and uncertainty, of course, help make Truman look better. Also, he seems to have a surefootedness now that was lacking last year.

That's why his '48 prospects seem to be looking up.

A TIMETABLE of action has been agreed on by the G.O.P. for both houses, despite their differences over methods.

It's a worksheet to keep congressmen busy at least the next two months. Senate schedule carries ten items, starting with the budget "ceiling" resolution debated this week.

Then will come: extension of Maritime Commission authority to charter ships, portal-to-portal, presidential tenure, Lilienthal-atom confirmations, extension of sugar and rubber allocation powers, presidential succession, science foundation, general labor bill, income tax bill.

The House list is about the same.

Truman added some chores to the congressional backlog this week, when he asked for legislation that he wants enacted before ending the "limited" and "full" national emergencies. But he didn't upset the schedule very much.

Most of the laws pegged to the emergencies already are dormant, or nearly so. One exception is the military's authority to buy without normal red tape; a new bill covering this already is moving through a House committee.

THE LILIENTHAL CONFIRMATION battle will drag along for at least another week. Probably longer. There's sure to be a long—and bitter—floor debate, on top of the tedious hearings.

But few, if any, votes are being made or lost.

The string of daily statements by individual senators announcing for or against the Atomic Commission chairman doesn't represent conversions.

Both sides are spacing their announcements.

However, there still are senators who haven't decided how they will vote. Some startling development, not now foreseen, could upset Lilienthal's confirmation.

The question of Lilienthal's confirmation, of course, is not his ability to fill the job. McKellar stands alone on that count. He had almost exhausted himself when the real flareup occurred, from the G.O.P. side.

Taft privately claims credit for starting this campaign to defeat Lilienthal. But he has talked others into carrying the ball.

This opposition has grown into a loose combination of assorted objectors.

Among them are Republicans who just won't vote for any outstanding New Dealer; to them the elections were a mandate to clean house. A few still cling to the communist issue, despite convincing evidence that it's a phony.

Also, there is the military clique. Its mem-

WASHINGTON OUTLOOK (Continued)

bers have their own substitute candidate: Adm. Thomas C. Hart. He was a Connecticut senator last year long enough to sit on the McMahon committee which wrote the atomic control law.

Lastly, and perhaps most influential, is the opposition from many industrial groups. Last year, they thought atomic energy was a long way off. Now, they see it on their doorstep. And Lilienthal's TVA record scares them.

It was to offset such industrial opposition that Winne of General Electric and Barnard of New Jersey Bell testified for Lilienthal this week. They served with him on the Acheson-Lilienthal board; both stressed their conviction that the nominee wants the widest participation by private enterprise in atomic development.

PERMANENT RUBBER LEGISLATION apparently goes over to next year.

Time has run out for anything more than temporary action before rubber allocation power dies Mar. 31.

So, Congress will simply extend this section of the second war powers act.

With the allocation authority intact, presidential adviser Steelman will see his way clear to continue the government's preclusive buying of natural crude beyond March. The segment of the rubber industry that favors government purchasing (page 19) probably will win its plea for continuation of the program through the summer.

All this is back of Bill Batt's resignation as chairman of the Interagency Rubber Committee, and Steelman's action dissolving the group. The committee opposed continuation of government buying.

ON LABOR LEGISLATION, the House has decided to wait for the Senate.

Red-mustached Fred Hartley, House Labor Committee chairman, puts it this way: Let's see what Taft and his boys come up with.

Of course, there's more to it than that. The House wants to go a lot farther on labor curbs than the Senate appears willing to go. But, if there's to be any law, it must be something the Senate will pass over a veto.

Also, the legislative calendar practically forces labor onto the Senate floor first. Taxes and appropriations must start on the House side.

Sen. Murray, labor's friend, is asking witnesses who want to ban the closed shop: "Wouldn't regulation be a better cure?"

Murray's questions could be a clew to the way the wind is blowing in Taft's committee.

WENDELL BERGE'S RESIGNATION as chief trust buster resulted from his own decision that his job is likely to become a dead-end street.

Truman's budget includes increased money for Berge's Antitrust Division. But Berge is betting his job that Republicans in Congress will cut the amount below this year's level.

Also, he knows he would be out in 1949 if the G.O.P. wins the White House. He'd rather hang out his shingle now, while his prospects are brighter.

You can ignore talk that Berge quit in a huff at Attorney Gen. Clark. They've disagreed at times, but there is no feud.

RECLAMATION - MINDED CONGRESSMEN are grabbing for control of federal irrigation projects.

It's a raid on Interior Dept.'s authority. Also, grab for pork.

A bill to do the trick carries potent western G.O.P. backing; it is due for House hearings within a fortnight. The bill rewrites the Reclamation Project Act of 1939 to shrink Interior's status to a recommending agency for water projects; similar to Army Engineers on flood control and navigation jobs.

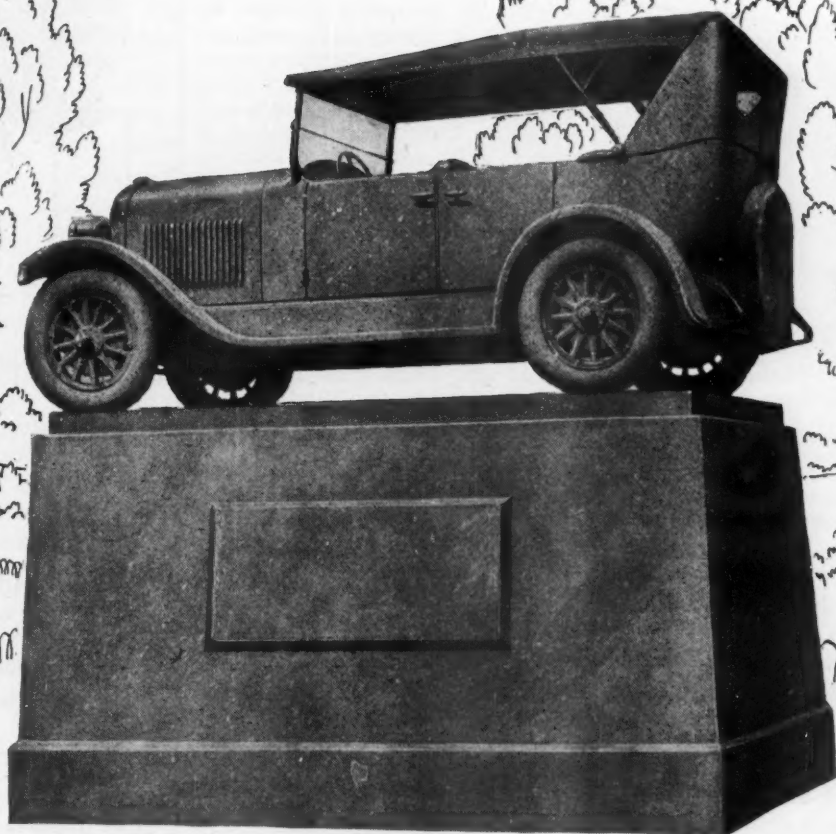
Water users themselves brought the idea to Congress. They've decided they can get more out of Congress than from the Reclamation Bureau.

Commerce Secretary Harriman has been talked into scrapping the Wallace-hatched plan of a year ago to shift the simplified practice and trade standards work at Bureau of Standards to the Office of Domestic Commerce. . . .

Bureau of Labor Statistics is finishing up a year's job of compiling industrial productivity data for 1939-45. The reports cover such fields as radios, sets, machine tools, construction machinery; they are the first based on actual plant data, instead of being synthesized from census figures. . . .

If you know how to stop an atom bomb, the National Inventors Council wants to hear from you. N.I.C., wartime clearinghouse for people with ideas, is staying in business. Chairman Kettering deplors any idea there's nothing left to invent. . . .

Bills calling for a census of business and manufactures in 1948—and every five years—are back in Congress. This year they have G.O.P. sponsorship. And Wallace is gone from Commerce. . . .



The Great Emancipator

NO MAN in the pages of history better deserves the title of "The Great Emancipator" than Abraham Lincoln. He once and for all established the principle of individual freedom that will endure as long as this nation endures.

But America has seen another great emancipator—this one not a man, but a machine, the automobile. The automobile freed country folk from the wearing isolation of farm life. It enabled city dwellers to escape the oppression of stone and steel at a moment's notice. It gave the average man a completely new kind of freedom—the freedom to go where he pleased, when he pleased.

Today, Americans accept and enjoy this new freedom of movement. It has become a part of their very lives. That's why they show such keen interest in improvements designed to increase automobile utility, responsiveness, economy and pleasure.

Since an automobile can be only as good as the gasoline that propels it, automotive de-

velopment depends upon improvements in fuels as well as in engines. Therefore, restrictions on the quality of gasoline, such as have been in effect for the past several years, would tend to act as a brake upon automotive progress.

But now, as the day of restrictions comes to a close, petroleum refiners are once more looking forward to making better and better gasoline . . . and automobile engine designers are already at work on engines designed to utilize this improved gasoline.

Advancement in refining processes and the continued use of "Ethyl" antiknock compound will help both the automotive and petroleum industries achieve their common goal—better motor transportation for everybody. For as refiners raise gasoline quality, they also bring new opportunities to the motor manufacturer to further improve the automobile itself. Ethyl Corporation, New York 17, N. Y.



**Penton Profit \$2,515
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THE PENTON BUILDING, Cleveland, Ohio
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Perhaps you can do in 1947 what Penton did in '40. When the 9-story Penton Building in Cleveland, Ohio, was built in 1922-23 it was equipped with a modern Webster Vacuum System of Steam Heating which operated efficiently for many years.

In 1939, the Webster Moderator System set new standards, obtained for the Penton Building through a unique Heating Modernization Contract. Three years later, on May 5, 1943, E. L. Shaner, President of Penton, released Webster from its guarantee of performance, reported savings of \$2,515.82 and added "We are completely satisfied with the manner in which our building now is being heated and commend Warren Webster & Company for the satisfactory way in which it has fulfilled its contract".

Your case may be parallel to that of Penton in 1939. Why not check on the possibility of a Webster Heating Modernization program for your own building?

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THE COVER

Business executives often sidestep fund-raising campaigns because they can develop into tedious and thankless chores. No reservation clouded the acceptance by Harvey S. Firestone, Jr., of the top post on the committee created to collect \$2,590,000 for the work of the Thomas Alva Edison Foundation in stimulating invention and research. It was a welcome opportunity for Firestone to build a lasting remembrance to an old friend.

The unsealing of Edison's ancient rolltop desk, as one of the current Edison Centennial ceremonies (BW—Feb. 15'47,p32), stirred Firestone to lively reminiscences. In the dusty interior a powdery hank of chewing tobacco lay near an aging chunk of rubber. To the tire manufacturer the latter relic recalled a drama in which he and Edison played star parts.

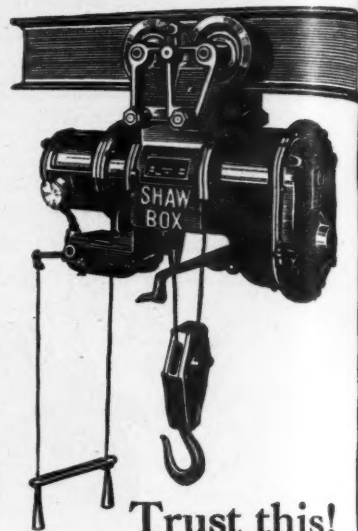
• **Wise Men's Quest**—In the early twenties Firestone, Sr., staged his historic attack on the British rubber combine which was exploiting American motorists. Tactics were discussed around the campfire during the annual joint vacation jaunts of Edison, Henry Ford, John Burroughs, and the Firestones, father and son. The counterdrive saw Edison assigned to research on plants to produce rubber in this country, Ford committed to reestablishing rubber culture in Brazil, the Firestones determined to create a vast rubber plantation outside the British sphere.

Harvey, Jr., promptly embarked on a worldwide exploration of rubber areas. Result was the Firestone plantation in Liberia which revolutionized the economy of the African republic and came through to produce 75,000 tons during America's war years.

• **Management Interests**—Firestone, Jr., brought to the parent rubber company inherited qualities which lifelong application has strengthened. A young man as company presidents go (he'll be 49 in April), he is especially interested in promotion and sales, enjoying his occasional appearance on the company's radio program. As chief executive, he believes in effective delegation of authority and sees that his associates get plenty of chance for initiative.

Firestone was a wartime rubber adviser to the State Dept., the WPB, and other government bodies. His service in Naval Aviation in World War I put a personal urgency in his drive for synthetic production in World War II and for prompt delivery on Firestone's arms contracts.

The Pictures—Int. News—15; Harris & Ewing—16; Sovfoto—64; Acme—77.



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BUSINESS OUTLOOK

BUSINESS WEEK
FEBRUARY 22, 1947



New highs have been hit by most commodity price indexes within the space of the last few days.

That isn't what was supposed to happen with returning competition, and it's the opposite of what is needed for continuing good business.

Rising prices can create an illusion of economic health. But it is like drink or dope. Pretty soon you have to take the cure.

Much healthier now would be a continuance of the shaking down that characterized December and early January. Booming business would cushion a good bit of readjustment without our really feeling it.

But the more prices rise now, the more they have to drop later.

Today's price rise hasn't the earmarks of runaway inflation. In fact, the upswing may even be on its last legs.

All of us have realized that rising durable goods output would mean a new pattern for spending. Consumers simply would have less money left over for the soft goods they have been buying.

So far, however, they have continued to buy both at the expense of saving. They can't last indefinitely, though, if prices keep rising.

Lower unit sales in department stores signal this (BW—Feb. 15'47, p15).

What we need now is for prices to recede. This would free consumer dollars to buy goods which are becoming increasingly plentiful.

But that isn't what we are getting. Supply and demand are nearing balance, to be sure, but only because people are priced out of the market.

This is a major factor of instability. When people have to drop from their budgets some of the things they have been buying, there is bound to be trouble.

Luxury goods felt the impact last fall. Milk prices have backed down as sales sagged. Now cigarettes seem to feel the pinch (page 19).

The stock market's boomlet (BW—Feb. 8'47, p15) probably can be credited with bucking up commodity prices. But if Wall Street is proved wrong, commodity buyers will be doubly so.

It is interesting to note that even the supposedly vulnerable farm products have had sharp rises. Hogs, butter, wheat, corn, and cotton are some of the outstanding examples.

Part of this is artificial. Wheat and corn have been bought by the government for foreign relief to the point of tightening supplies.

The Dept. of Agriculture is simply moving the stuff, isn't taking the chance of having to support prices at 90% of parity later.

That may be good policy, but it's shoving flour prices up at home.

This probably isn't typical of the whole family market basket, but a price index of fast-moving foodstuffs has risen more than 7% in a little over three weeks. It has outstripped mounting farm prices.

Even though a broader food average wouldn't have risen any 7%, it is clear that the downtrend of earlier weeks has been reversed.

As production mounts, filling gaps in over-all supplies, demand for bank credit rises apace (and higher prices help this along).

Business loans of weekly reporting Federal Reserve member banks went

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

FEBRUARY 22, 1947

up \$100,000,000 in the week ended Feb. 12. This puts them at another new high of \$10,673,000,000; compare that with \$5,944,000,000 at the end of the war—or even with \$7,361,000,000 a year ago.

Many economists continue to suspect that this huge loan total reflects too much inventory accumulation somewhere along the line.

Banking authorities are going to know a lot more about composition of loan portfolios in 1947 than they did in 1920 (in case they see any real similarity between the two postwar periods and are worrying).

First facts are now coming out of a study started in November by the Federal Reserve System. Final results promise to be illuminating.

Figures from the Federal Reserve Bank of Philadelphia should be pretty typical of industrial districts. Member banks list about 40,000 business loans totaling some \$600,000,000.

In number, 70% of these loans are to businesses with assets of less than \$50,000; in dollars, these loans are 13% of the total.

Nearly 80% are old-style bank loans, maturing within a year.

More than half the loans—56.9% in fact—are granted on the name of the borrower alone with no specific security.

The steel industry this week was scheduled to make another postwar production high somewhat above 94% of capacity.

This effort to whittle down accumulated orders is possible only with virtually the old wartime strain, however. Iron Age points out that mills are employing both marginal and high-cost equipment in this drive.

Tin supplies from the Far East show first signs of improvement.

This is important with Congress quarreling about extension of wartime tin controls beyond the Mar. 31 expiration.

As things look now, sheet steel is as likely to put a ceiling on can output as is the tin itself.

Cotton goods shortages are certain to disappear, at least in most types, before very long.

January operations were at an annual rate of 11,350,000 bales. The month's cotton consumption, at 947,036 bales, was about 50,000 bales in excess of trade expectations.

If this keeps up, cotton will be very short before 1947 picking time.

Cleveland gossip indicates a possible Eaton-Young-Kaiser alliance.

Cyrus Eaton, Cleveland investment banker, and Robert R. Young of railroad fame have been hand-in-glove for some time.

And Henry Kaiser is no stranger in this grouping. Eaton's firm, Otis & Co., was prominent in the stock financing for the Kaiser-Frazer automobile venture. Later, too, the Eaton interests bought a steel mill to help Kaiser-Frazer meet steel needs.

Kaiser has been heard to remark casually that he wouldn't mind owning Republic Steel. Perhaps Eaton might like to regain the dominant voice he once had in Republic.

All in all, Republic would amply assure Kaiser-Frazer's steel needs and Young's railroads would stand to get some nice traffic.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	94.1	93.7	92.5	15.2	97.3
Production of automobiles and trucks.....	93,592	†89,958	75,166	21,555	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$14,971	\$13,946	\$14,629	\$9,223	\$19,433
Electric power output (million kilowatt-hours).....	4,778	4,801	4,857	3,949	3,130
Crude oil (daily average, 1,000 bbls.).....	4,758	4,770	4,624	4,710	3,842
Bituminous coal (daily average, 1,000 tons).....	2,050	†2,293	2,292	2,083	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	76	82	79	68	86
All other carloadings (daily average, 1,000 cars).....	51	57	59	51	52
Money in circulation (Wednesday series, millions).....	\$28,346	\$28,295	\$28,518	\$27,967	\$9,613
Department store sales (change from same week of preceding year).....	+2%	+10%	+24%	+25%	+17%
Business failures (Dun & Bradstreet, number).....	62	45	51	25	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	396.3	390.0	373.0	268.6	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	267.2	†267.8	263.3	170.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	318.1	312.5	304.2	235.3	146.6
Finished steel composite (Steel, ton).....	\$69.36	\$69.36	\$69.36	\$58.27	\$56.73
Scrap steel composite (Iron Age, ton).....	\$33.75	\$33.75	\$31.00	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	19.625¢	19.650¢	19.500¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.23	\$2.17	\$2.10	\$1.69	\$0.99
†Sugar (raw, delivered New York, lb.).....	6.12¢	†6.12¢	5.85¢	4.20¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	33.45¢	33.02¢	30.85¢	26.09¢	13.94¢
Wool tops (New York, lb.).....	\$1.554	\$1.531	\$1.528	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	25.75¢	25.75¢	25.75¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	125.9	127.6	119.3	143.7	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.12%	3.12%	3.13%	2.94%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.55%	2.55%	2.56%	2.48%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	3%	1-1%

BANKING (Millions of dollars)

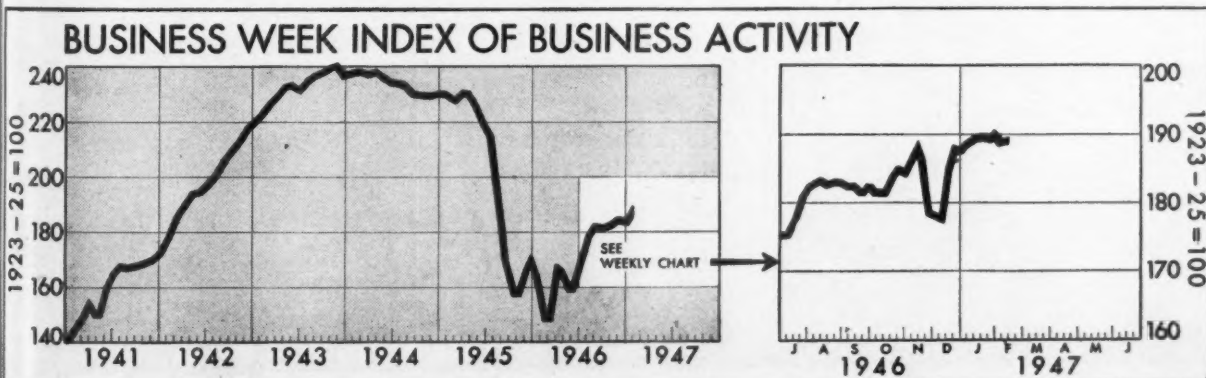
Demand deposits adjusted, reporting member banks.....	39,127	39,424	40,100	37,542	23,876
Total loans and investments, reporting member banks.....	55,300	55,567	56,073	67,943	28,191
Commercial and agricultural loans, reporting member banks.....	10,673	10,573	10,339	7,361	6,296
Securities loans, reporting member banks.....	2,021	1,906	2,101	4,814	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	35,150	35,592	36,231	49,485	14,085
Other securities held, reporting member banks.....	3,388	3,386	3,390	3,384	3,710
Excess reserves, all member banks (Wednesday series).....	740	730	840	1,146	5,290
Total federal reserve credit outstanding (Wednesday series).....	24,638	24,050	24,105	23,933	2,265

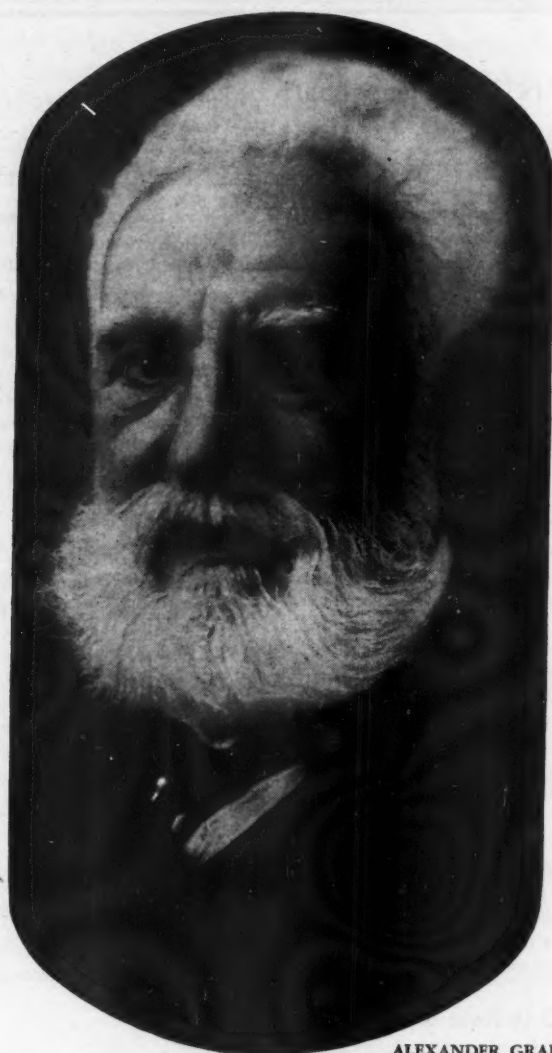
*Preliminary, week ended February 15th.

† Revised

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.





ALEXANDER GRAHAM BELL
by Moffett, 1918

He gave the world a new voice

Alexander Graham Bell was a teacher of the deaf. He was also a trained scientist who made it possible for millions upon millions of people to hear each other by telephone.

The telephone brought something into the world that had not been there before.

For the first time people were able to talk to each other even though separated by long distances.

Horizons broadened. A new industry was born, destined to employ hundreds of thousands of men and women and be of service to every one in the land.

Alexander Graham Bell was a great humanitarian, not only as a teacher of the deaf, but in his vision of the benefits the telephone could bring to mankind.

Bell's vision has come true. It keeps on being an essential part of this nation-wide public service.

BELL TELEPHONE SYSTEM



Tax Relief Still Muddled

Some sort of cut for individuals seems assured, but when will it come and what income group will benefit most? Answers depend on budget solutions by G.O.P. Congress.

It still looks as though individual income taxpayers can count on some fairly substantial cuts this year. But anyone who starts spending money in anticipation of a big drop in his tax bill is asking for disappointment.

The questions of precisely when the tax reduction will come and what it will mean to each class of taxpayers get hazier every day. Nobody can tell at this stage whether the final tax relief bill will favor the \$50,000-a-year executive or his \$25-a-week office boy. Republicans who promised both the office boy and his boss a handsome cut are learning that when campaign promises come home to roost there isn't always room for all of them on the same perch.

Budget Comes First—Before any real work on tax reduction can start, the Republican Congress has to find a way out of the neat trap that President Truman set for it when he proposed his budget for the fiscal year ending June 30, 1948. Truman's budget calls for expenditures of \$37,500,000,000. It estimates revenues at \$37,700,000,000. Consequently, if Congress is to cut taxes without running a deficit, it must first trim federal expenditures (BW—Jan. 11 '47, p17).

The fight over the budget started this year in the joint legislative committee set up by the recent reorganization act.

The joint committee argued right up to its Feb. 15 deadline, then voted desperately to recommend a \$6 billion slash in Truman's expenditure proposals.

Where to Cut?—The committee vote doesn't settle the matter, however. Although members were careful not to specify just where they thought the cuts could be made, it is obvious that a \$6 billion reduction would mean a drastic overhaul of all federal activities including the Army and Navy.

Many of the top Republicans—including Sen. Robert Taft and Sen. Eugene Millikin of Colorado, chairman of the Finance Committee—are not willing to go this far. They are plugging for a milder cut of about \$4,500,000,000, which would bring expenditures down to an even \$33 billion.

There is nothing in the law to make Congress stick by an expenditure ceiling, and congressmen always have been poor hands at economy. When the year is over, the individual appropriations bills may easily add up to \$37 billion or so regardless of what ceiling Congress adopts for itself now.

Then to Promises—But setting the ceiling now will clear the way for the long-promised action on income tax reduction. The height of the expenditure ceiling and the amount of the estimated revenues will determine how far Con-

gress can go in tax relief without obviously backing out on its other campaign promise to balance the budget and reduce the debt.

The House and Senate already have voted to continue indefinitely the wartime excises that would have expired next June 30. This adds about \$1,130,000,000 in revenue to the estimates in Truman's budget. In addition, the joint congressional committee raised his estimate of tax yields at present rates by about \$200 million and counted in some extra revenue from proposed increased postage rates (BW—Feb. 8 '47, p22). Its final estimate of revenues under the present tax structure is \$39,100,000,000.

On this basis, an expenditures ceiling of \$33 billion would leave Congress with about \$6 billion elbow room. It could earmark \$3,500,000,000 for tax reductions and still have \$2,500,000,000 to take care of debt reduction or to cover errors in the estimates.

How It Looks on Paper—With \$3,500,000,000 leeway, Chairman Harold Knutson of the House Ways & Means Committee could put through his plan for a straight 20% cut in taxes on individual incomes under \$300,000 and a tapering cut above that level. But other Republicans are getting more and more uncomfortable about sponsoring an across-the-board cut (box, page 16).

The trouble with Knutson's plan is the way the figures look on paper. The \$50,000 a year executive now pays about \$20,720 in taxes (assuming a wife and two children and deductions equal to 20% of income). His \$25-a-week office boy pays about \$110 a year (assuming no dependents). The executive would get \$4,144 a year in tax cuts, the equiv-



One reason the budget is hard to cut: processing 3,500,000 leave claims at the Great Lakes naval center.

alent of about one month's salary. The office boy would get \$22, less than a week's pay.

• **Gradual Cut Likely**—To take the curse off the Knutson proposal, Republicans probably will get together behind one of the various schemes for gradually declining percentage cuts in income tax rates.

Their final bill may prescribe a 20% reduction for incomes under \$10,000,

then 15% up to \$25,000 and 10% above that. Democrats will counter with proposals for increasing the personal exemption (now \$500 for each family member), which would mean nothing to the top bracket taxpayers.

• **Withholding Problem**—Meanwhile, the collection machinery that withholds taxes on wages and salaries at the source is grinding along on the old basis. By the time Congress gets around to cutting

the rates, it may be too late to make the reductions retroactive to Jan. 1 without creating a hopeless muddle (BW—Feb. 15'47, p5).

In that case, the door will be open for another possible approach to the problem. Congress might cut rates say 10% on 1947 income and 20% for 1948. Then the withholding rate could drop to its new level July 1, 1947, and stay there for the next 18 months.

Rep. Knutson—a Bronco in a Wheelhorse Position

One of the loudest and most frequently heard voices in tax matters from now on will be the stentorian bellow of Rep. Harold Knutson, new chairman of the powerful House Ways & Means Committee.

All tax legislation must originate with Ways & Means. Such allied subjects as the tariff and social security also fall into the committee's domain. The chairman traditionally is one of the pivot men in the organization and operation of Congress.

• **How He Fits In**—The picture of Knutson as a pivot makes many of his Republican colleagues stop and swallow hard. His reputation as a "wild man" gave party leaders enough to worry about when the G.O.P. was in the minority. Now that they control Congress, many Republicans regard him as the biggest single obstacle to party harmony.

It was Knutson who saddled Republicans with the pre-election promise of a 20% cut in individual income taxes. Since then, he has widened the rift in both House and Senate leadership by holding out for a straight percentage cut in all income brackets.

Speaker Joe Martin and Floor Leader Charles Halleck have tried to talk the stumpy, volcanic Minnesotan into modifying his plan for across-the-board tax cuts. They got nowhere. Senate leaders Arthur Vandenberg and Eugene Millikin will meet the same reception when they try to get him to lay off the reciprocal tariff question.

• **No Political Spankings**—Knutson's parliamentary philosophy is simple. He once declared, "Uncle Joe Cannon ran the House the way I would have run it if I were speaker." But his admiration for the late czar of the House does not make him willing to knuckle under to the present leadership. He means to be boss of his own committee. He does not intend to interfere with the business of other chairmen and he wants them to keep their noses out of his.



Rep. Harold Knutson

Ordinarily, a man who gave the party leadership so much grief would be spanked soundly, perhaps even maneuvered out of his job. Knutson hasn't been, and probably won't—for two reasons: (1) He has seniority on his side in a body where length of service is all important; (2) he never has to worry about getting into trouble with the voters back home.

• **When His Mind Is Made Up**—Knutson was elected to the House in 1916. No Republican in House or Senate outranks him in length of service. Speaker Martin, who did not arrive in Washington until 1925, can't swing a whip on him. Martin has to rely on persuasion. And arguing with Knutson after he has made up his mind is one of the most unrewarding occupations in Washington.

At home, the Minnesotan has a grip on his district that other legislators regard with awe and envy. The sixth congressional district of Minnesota lies in the center of the state. It is almost entirely agricultural.

• **The Magic Touch**—During his 30 years in the House, Knutson has

done a favor for almost every one of his constituents. He has a good memory for names and capitalizes on it by making frequent appearances in the towns and villages of his district. When he arrives, he parks his car on the outskirts, then takes a long walk through town. Most of the people he sees as he ambles along he can call by name. If he doesn't recognize a man, he steps up and introduces himself. Thousands of voters call him "Harold."

To supplement these activities, he has the weekly paper, Wadena Pioneer Journal, which he publishes. He writes many of the editorials himself, most of them fiery indictments of the New Deal, its architects, and all its works.

• **Right Background**—Voters are frequently reminded that Knutson was born in Norway (Oct. 20, 1880). Scandinavian ancestry is a political must in most of Minnesota.

Apparently the conservative ideas that Knutson expresses so freely suit his constituents. He survived the farm-labor movement that swept much of the state in the twenties. The Roosevelt landslides left his district practically untouched.

His isolationist record made no dent in his strength at home. Among other things, he now holds the somewhat dubious distinction of being the only remaining member of Congress who voted against the entry of the U. S. in World War I. He voted for war in 1941, but before the actual declaration his votes were all on the side of isolation.

• **Strong Fences**—Consequently, Republican leaders get nowhere when they try to hold him down with threats of what the voters back home will think. Knutson knows that his well-tended political fences will hold.

So far, Knutson seems to have made only one concession to his nervous G.O.P. associates. He has not yet offered his pet bill to set up a national lottery as a means of raising revenue.

Home Sweet Home—At a Price

As construction costs soar, postwar dream houses give way to conventional design. Business Week survey shows what prospective buyers want—and why they aren't getting it.

Today's new home buyer isn't seeking a house with electronic door-openers or a mercury vapor heating system. He wants just about the same kind of place he wanted back in the late '40's, with perhaps a few additional features. He is resigned to paying a few thousand dollars more than prewar. But he is finding he must raise his bid—or accept a smaller house, devoid of most of the heavily promoted newer amenities. Of course, he can defer buying and an increasing number appear to be doing just that.

What Buyers Want—Builders in 14 representative cities over the country surveyed by Business Week reporters say the big demand today is for two- and three-bedroom houses. And the prices buyers want to pay range something like this in these metropolitan areas:

Bangor, Me., \$5,000-\$9,000;
Portland, Me., around \$6,000;
Dallas, \$6,000-\$10,000;
Houston, mostly under \$8,000;
San Francisco, \$7,500-\$12,000;
Los Angeles, \$5,000-\$10,000;
Oklahoma City, \$6,000-\$8,000;
Richmond, \$6,000-\$10,000;
Knoxville, \$5,000-\$7,000;
Syracuse, N. Y., \$6,000-\$15,000;
Louisville, around \$8,000;
Wilmington, \$6,000-\$7,500;
Birmingham, \$6,000-\$9,000;
Kansas City, \$7,000-\$15,000.

Home-Seekers Discouraged—Actually, buyers are finding it necessary to pay above their minimum "want" level to get satisfactory accommodations. In Syracuse, a house that sold prewar for \$10,000 brings \$10,000 at today's build-up prices. In Los Angeles, houses formerly \$7,000 to \$8,000 now cost \$10,000 to \$12,000.

Conditions like these are discouraging prospective new home purchasers. Builders know this well, and are adjusting their construction programs accordingly. Speculative building is far less prevalent than prewar. Construction of new houses is at low ebb.

Costs Still Climbing—Just how far prices have risen is shown by statistics from the National Housing Agency. Cost of a standard six-room frame house in December was 60.8% greater than in 1939, NHA says. And costs are now to have risen since December.

Here's what an increase of those proportions means (pictures):

In 1940, a home buyer in a Kansas City suburb who put up \$10,500 could

get a six-room, brick and frame house on a corner plot a lot-and-a-half wide. It had three bedrooms, two baths, and a basement recreation room.

In that same suburban development today, \$10,500 buys a five-room, two-bedroom frame bungalow on a single inside lot. It has one bath, space for a basement recreation room. Seven years ago such a house would have sold for \$6,000.

Difficult Goal—The great spread between the prices which active home-seekers want to pay and current selling prices bodes no good for the building industry. Costs must come down sharply, many in the industry are certain, if home building in 1947 is to come anywhere near the level predicted by the Dept. of Commerce—\$6 billion in private residential building and a million

private dwellings started (chart, page 18).

Construction Speeded—Building contractors are finding supplies easier to obtain now than a few months back. Still tight, however, are such supplies as nails, millwork, some electrical equipment, some plumbing items.

Easing of shortages has helped speed up construction. An Oklahoma City builder whose average completion time in 1946 was more than six months now has it down to 4½ months. Contractors in other sections make similar reports.

Quality of materials has improved since price controls were lifted. This applies particularly to lumber, formerly the source of the most complaints. Builders who formerly had to accept green lumber or nothing now are getting properly dried wood, properly graded and sized.

Limits on House Size—Federal regulations, designed to channel building materials and manpower into the small home market, restrict the wants of some prospective buyers, such as those who want large houses.

These regulations limit the size of a house to 1,500 sq. ft. of floor space, for-

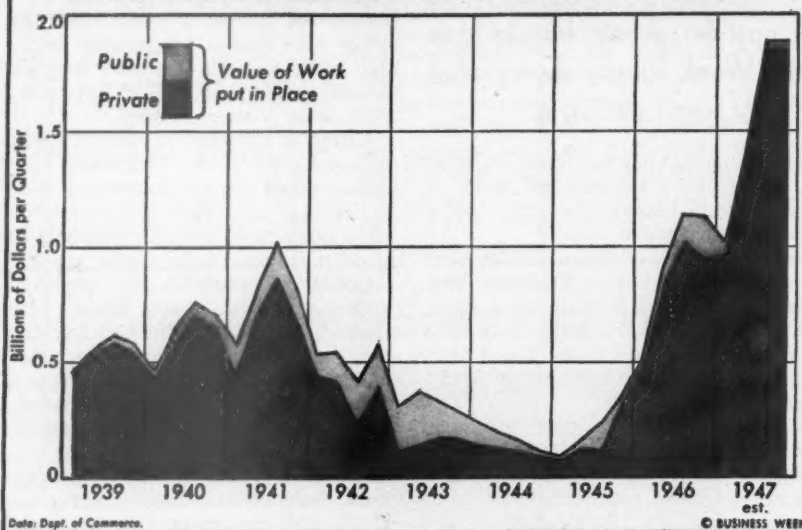


For \$10,500, a Kansas City suburbanite could buy this house in 1940 . . .



. . . but this is what his \$10,500 buys today in the same subdivision.

HOME BUILDING HEADS FOR NEW HIGHS



Residential construction in 1947 will approximate \$6,200,000,000, if optimistic forecasts of the Dept. of Commerce are realized. At today's high costs (60.8% above the 1935-39 average for a standard six-room house), this would mean a million houses started, 900,000 completed during the year.

bid more than one bathroom (a second may be "roughed in" for finishing later). But most home buyers are little affected by these limitations.

• **Own Design Favored**—In his struggle to fit a new home into his budget, the house buyer is more or less indifferent to prefabrication. Maybe he would be more interested in the prefab houses the government and prefab builders are advocating—if he could be shown they would save him a big chunk of money. But he's doubtful of that, at present. As matters now stand, he'd rather have a conventional house, embodying his own individual ideas on decoration, exterior trim, or the direction a closet door should open.

• **Trends in Planning**—Dinettes, under-sized dining rooms, are losing favor with the house buyer. Those who can afford a separate dining room prefer it. In smaller houses, the preference is for an architectural setup combining dining and living space. More efficient use of limited floor area is thus achieved. One favorite arrangement is an L-shaped living room with a screen to close off the tail of the L and conceal the dining table when necessary.

Built-in furniture appears to be in little demand. In part this is a sacrifice the home buyer makes to cut costs. Home builders in several cities surveyed say wardrobes, vanities, bookshelves, and other built-ins are wanted when the buyer has more money and items are available.

Big changes from a decade or so ago are evidenced in the planning and equip-

ment for the kitchen. The home buyer and his wife want streamlining, plenty of cabinet space, built-in furniture in the breakfast nook, range and refrigerator installed and included in the cost (and financing) of the new house. Price considerations and equipment shortages

prevent them from demanding more.

• **Mass Market Still Waits**—More families now buying homes would rather rent. One West Coast builders' association figures this applies to four out of five families desiring 1,100 sq. ft. of space (about the area of a modest bungalow). But necessity forces many to buy—and assume the risk the erstwhile landlord won't take.

As for the home for the real market—decent living quarters for \$5,000 or less—it's more remote than ever. Few builders reached in the Business Week survey said they could put any house for less than \$5,500, and many put the figure closer to \$10,000.

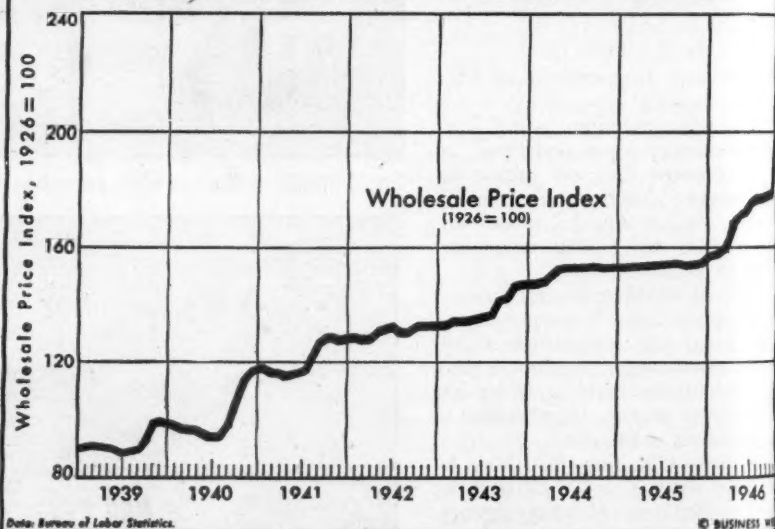
NEW METAL FOR INDUSTRY

A new method for recovering the metal rhenium is expected to stimulate laboratory research into possible commercial uses. Developed by chemical researchers at the University of Tennessee, the process may cut the cost of rhenium from \$800 a lb. to \$200.

Related to manganese, rhenium is known to have useful properties as a catalyst and for electric filaments. It is highly resistant to hydrochloric acid. Technical men believe it might be used in electric heating devices, incandescent lamps, radio and power tubes, pen nibs and in the production of antiknock fuels.

The Tennessee process involves recovery of rhenium from flue dust obtained in the reduction of molybdenum ore.

LUMBER BRINGS RECORD PRICES



Rapidly rising lumber prices late last year (part of the rise simply reflected mounting price tags up to black market levels) carried the wholesale markets 75% above what they were at the time of Pearl Harbor. The Dept. of Commerce now warns that lumber has so far outrun other building materials that it may face the loss of some of its markets. So far, cuts have appeared only locally and there is little evidence of a real reversal.

Rubber Battle

Industry split into two camps on question of whether government should continue as importer of natural rubber.

The nation's rubber industry has split open on the question of continuing government purchasing of natural rubber. The issue has shattered, for the first time since the start of the war, the solid rubber manufacturers have divided on questions involving federal policy.

The companies all favor continuation of the order requiring use of specified stages of synthetic and natural rubber products. This control expires Mar. 31. They would like it extended until a long-range policy on synthetic rubber is set (BW—Nov. 2 '46).

Two Camps—But they are divided into two camps on the purchase problem. The majority advocates extension of public purchasing until the supply of natural rubber equals the demand. This consumes about 80% of our rubber imports. It includes Goodyear Tire & Rubber Co., B. F. Goodrich Co., Firestone Rubber Co., General Tire & Rubber Co., Seiberling Rubber Co., and many of the smaller concerns.

Supporting speedy return to private importation of natural rubber are Firestone & Rubber Co. (page 8), Hewitt-Roberts, Inc., of Buffalo, and the Rubber Assn. of New York. The association is composed of importers, brokers, and shippers' agents.

Pros and Cons—Position of the majority group is that a return to private importation at this time would produce a scramble for limited supplies, and higher prices the result. The group insists that, even though a free market became effective Jan. 1, sales still are controlled by British-Dutch selling cartels. Thus private importation would continue to be at the mercy of sellers.

The minority insists all signs point to a reasonable balance between supply and demand. It maintains the government cannot consistently maintain a "rubber cartel" and still oppose future control moves by producers.

On Bills—The fight will come to a head Feb. 26 when the House Armed Services Committee begins hearings on the bill. This measure meets the demands of the majority group. The committee probably will also consider the Crawford bill, favored by Firestone and the minority rubber industry. This bill merely extends specific import and allocation controls.

A Sea-Fresh View for a Steel Industry Job

What looks like *carte blanche* in piloting Jones & Laughlin Steel Corp. was handed to Admiral Ben Moreell last week on an electoral platter.

The former federal Coal Mines Administrator will take over the three top posts of president, chairman of the board, and chairman of the executive committee next month. His predecessor, H. E. Lewis, who held the same jobs, is retiring because of ill health; he'll continue as director.

• Picking the famed Seabee organizer was something of a surprise move on Jones & Laughlin's part. Moreell, who held a big war job as chief of the Navy Bureau of Yards & Docks, is primarily a construction man. (Last November he was named head of Turner Construction Co.—a post he'll also keep till June.) But as a non-steel man, Moreell will be able to face both unions and the public on a clear-slate basis.

He is expected to continue his predecessor's policy of internal reorganization of J. & L.

• Born in Salt Lake City 54 years ago, Moreell will bring some salt of his own to his new job—he's been in

the Navy since 1917 and is the first non-Annapolis man to reach four-star rank.



Ben Moreell

Price Cut for Cigarettes

Two cigar-store chains trim a penny a pack in New York outlets. Other retailers forced to follow suit. Similar decline expected elsewhere. But no general price war is likely.

Cigarettes may be the next item to go down the toboggan slide toward lower prices.

In New York City this week, independent retailers already were being forced to meet the new lows of 18¢ a pack, two for 35¢, established by the Schulte and United-Whelan chains. Popular brands had been selling for 19¢ in this area until Schulte trimmed off a penny a pack last week, and United followed suit.

• **Local Experiment**—So far, these chains are maintaining established prices outside New York, but the trade suspects that New York is merely the proving ground for a general price cut. For the present, other large tobacco retailers generally are holding their fire, but sporadic price cutting is cropping up. In Washington, D. C., one large independent grocery slashed its price to \$1.36 a carton, the wholesale cost.

The trade figures that Schulte and United cut cigarette prices in a play to increase their over-all volume. Sales are

running at high levels, but the chains evidently feel they can boost them more by selling cigarettes at close to cost.

• **Price War Unlikely**—Whatever the reason, present price competition is confined to retailers. Small, fly-by-night wholesalers trying to get a toehold in the market often have helped to feed price wars in the past. But the trade agrees that, at present cost levels, there's little room for price competition among manufacturers and distributors.

There's considerable feeling in the trade that a general reduction of about 1¢ a pack in retail cigarette prices is more or less inevitable. Before its fade-out, OPA had granted two price increases on cigarettes.

• **Cushion**—The first of these increases averaged out to about 25¢ per 1,000 cigarettes, or approximately 1/4¢ a pack. Instead of absorbing the boost, most retailers upped their prices 1¢ a pack, with OPA's permission. When ceilings were again raised, by another 25¢ per 1,000, retail prices went up another

penny. Consequently many manufacturers and distributors are privately of the opinion that most retailers' prices are now a cent higher than necessary.

The National Assn. of Tobacco Distributors, spokesman for a large segment of the trade, is on the record as seeing no likelihood that current price shifts will give rise to a real war.

• **Retailers Disappointed**—Independent retail dealers do not accept indications of stiffer competition on cigarette prices so complacently. The traditional markup on cigarettes has figured out to no more than 15% for the average retailer. With

an extra penny in his price he has been able to clear around 24%, or just about his cost of doing business.

Thus, while cigarettes haven't been profit makers in recent months, they at least have been promoted out of the loss-leader class. Retailers had hoped this state of affairs would continue.

FOOD & DRUG BLOW

The power of the Food & Drug Administration to seize foods, drugs, and cosmetics that are found to be spoiled after interstate shipment was put in

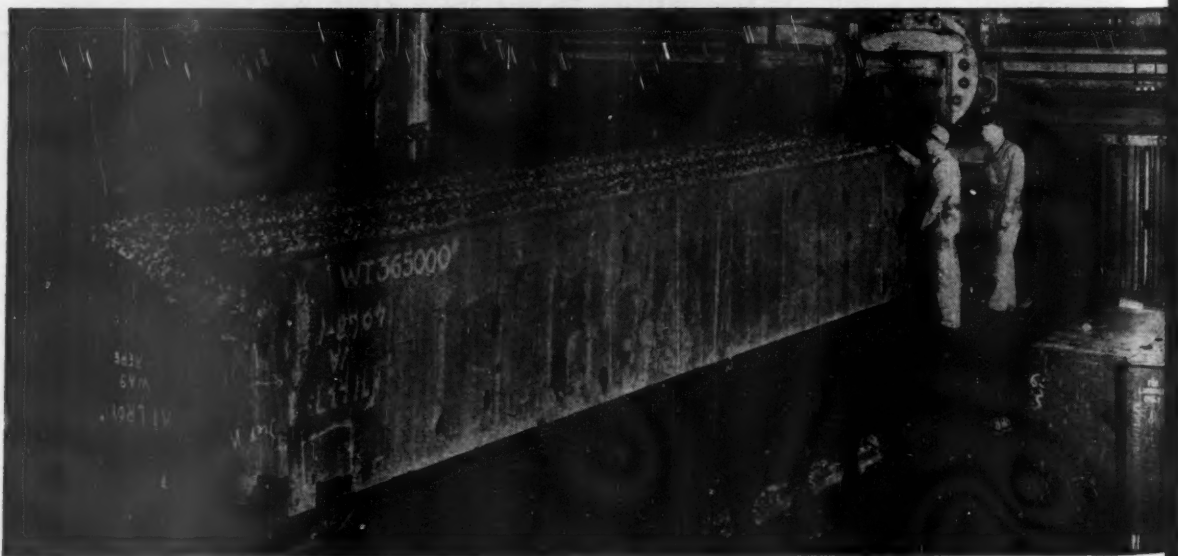
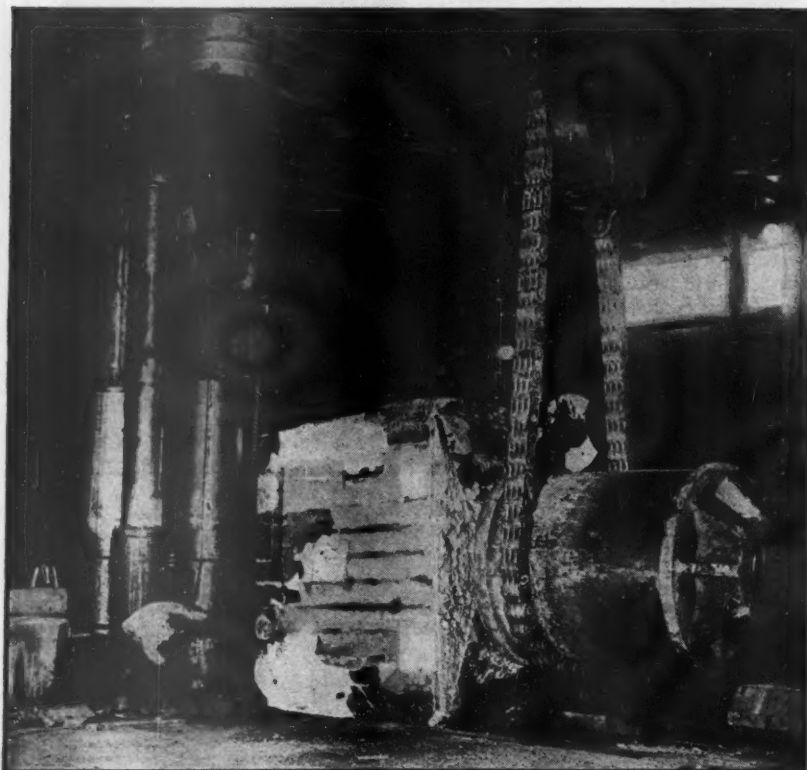
jeopardy last week. The Supreme Court unexpectedly refused to review Phelps-Dodge Mercantile Co. case. FDA has been exercising its authority in such cases ever since enactment of the original food and drug act in 1906. It had never been contested.

Supreme Court review was requested by the government when the Ninth Circuit Court of Appeals ruled that a federal court in Arizona did not exceed its authority when it dismissed the government's seizure action on the ground that the shipment had come to rest. The court pointed out that while the act of 1906 specifically permitted seizure of articles after interstate shipment while in original unbroken packages, the present (1938) law does not contain this language. The court added that it should not be read in by construction.

Government lawyers are considering whether to ask the Supreme Court for reconsideration. FDA officials say the only alternative will be to ask Congress for clarifying legislation. Government lawyers agree that in distinguishing between state and federal power, Congress has usually employed specific language.

BIG SQUEEZE, CLOSE SHAVE

A 7,000-ton forging press (left) is shown down on a 389,000-lb. ingot at Homestead Works, Carnegie-Illinois Steel Corp. The resulting forging will be one of eight, weighing an average of 150 tons apiece, that will form the magnet of the Navy's supercyclo at the University of Rochester. A member, of mild magnetic steel in position, gets a close shave (below) one of the nation's largest plant



Spurned Worm

Milady's hosiery tastes have been converted to nylons. The effect on Japan's big silk export industry is far-reaching.

The showdown between silk and nylon stockings has come at last. By an overwhelming demonstration at retail counters, American women have decided for nylon and against silk as the preferred sheathing for their legs.

Price Factor—Outcome of the rivalry had been in doubt since the war's end because silk was carrying the handicap of high cost (BW—Sep. 7 '46, p. 30). Its overblow now is beyond question since nylon is outselling silk hose offered at a much lower price. A recent checkup disclosed the stores were offering 45-gage nylons for \$1.45 while silk hose of the same gage and quality were \$1.

Verdict of the retailers was unanimous: "Women are buying the nylons at higher prices. Silk is hard to move."

Reasons—The mechanical spinnerets du Pont have vanquished Japan's once-haughty silk worms for obvious reasons. For over five years silk was held a prisoner of war. But even before Pearl Harbor nylon's unique virtues had been recognized—its resistance to runs and its better wearing quality. And for those five long years queues of American womanhood panted after nylon as the hart enth after the water brook.

Postwar nylon supplies increased to the point where the index line of supply crossed the line of demand before silk could stage a comeback.

Storekeepers are convinced that the reference for nylons will continue, certainly so long as women can afford more expensive goods. One group of retailers doubts that silk hose will move in volume until good quality can be offered for 90¢, perhaps 80¢ a pair.

Blow to Japan—This is a numbing blow for the Japanese. In normal pre-war times 75% of U. S. silk imports went into hosiery, with 15% absorbed in yard goods. The loss of this market would seriously cripple Nippon's future economy. Silk was counted on by Gen. Douglas MacArthur's economists to pay part of the occupation cost and to help restore the country's livelihood.

But a review of setbacks in this country throws doubts on the estimates of MacArthur's statistical wizards who forecast the future market for Japanese silk at 200,000 to 225,000 bales annually.

Army Learns—The weight of the facts finally has broken through the mental armor wire that hedged Army thinking. The Army bought the raw silk in Japan and sold it to processors in this country through its U. S. Commercial Co. USCC

tried to milk the ultimate cent out of American buyers through its position as sole owner of the largest available supply. Thus Japanese raw stocks for which it paid \$3.06 per lb. (approximately the prewar cost) were auctioned over here for about \$12 per lb.

The squeeze tactics caused American textile buyers to growl and groan. They were repeatedly undermined as the USCC lowered the upset price (floor) after each auction. Brickbats from the trade plus the auctions' failure to dispose of total offerings finally forced a change. The auction held in New York a few weeks ago was greeted with general acclaim because: (1) Minimum prices were lowered to levels within reason; (2) buyers were assured that the prices would remain in force until next Aug. 1; (3) officials announced that this would be the last auction—hereafter textile companies could buy over the counter.

Prices Sank—In last December's auction, prices ranged from \$6 to \$9.50 per lb. In the final auction, grades that had previously averaged \$6.22 sold for \$4.17. As usual the trade refused to take all the lots. Packaged offerings sold well because of realistic pricing; but of 2,500 bales on sale at open auction, only 880 were bid in.

Textile mills welcome the promise of stability, since the government upset price governed the quotations for the dribble of Italian and Chinese imports. It also mitigates the threat of oversize stocks. On Nov. 1 there were in the U. S. 55,688 bales, nearly a year's supply judged by current consumption.

Silk's Future—Granted that the outlook is gloomy, it cannot be assumed that the modern miss will altogether spurn the luxury fabric originated by a mythical Chinese empress 45 centuries ago. Women attest to a certain feel and felicity caused by the contact of silk with the skin. Silk holds its shape, is easy to work with. Silk will continue to be prized for nightgowns and other lingerie.

Market surveys show these additional areas of popularity: wedding dress fabrics; prints; chiffons, marquisettes, veils, hair nets; expensive dress fabrics; neckties; facing for men's formal coats; suit linings.

Alliance—The retreat of silk before the rayon-nylon coalition finds Gen. MacArthur and the government generally aligned with old-time silk companies. It was inevitable that a promotional campaign would be planned to resell silk to the American woman. And it was just as inevitable that synthetic textile interests would raise an uproar against it.

The War. Dept. and its USCC is reported to have accepted a promotional plan sketched out by an advisory committee from the silk industry. Its object would be to convince the public that silk is a superior textile, with peculiar

virtues which justify higher costs. The trade hears that the advisers suggest that the USCC set aside revenue from 24% of raw silk imports for advertising and other promotion. Thus if sales hit \$50,000,000 (an estimate for 1947), the cut for promotion would be \$12,500,000.

Sponsorship—A backer of this scheme is the International Silk Guild. The organization was dormant during the war but now shows signs of renewed life. Its head is Paolino Gerli, a famed name in the industry. Before the war the guild got its funds from Japanese silk interests. Since the U. S. War Dept. has taken over for the Japanese silk firms, the guild thinks it logical for the U. S. government to foot the bill for rekindling the public's appreciation of silk.

It would be something new for Uncle Sam to put on a campaign for a single competitive commodity. Opposition to the proposal was immediate and violent.

A forthright attack came from the Rayon Yarn Producers Group. Matthew H. O'Brien, its counsel and secretary, commented that the proposed levy from silk sales would be a tax on American consumer's for the benefit of Japan's reparations bill. He added caustically: "Possibly your problem is one of price rather than promotion."



GERMAN BARGAIN DAY

"Be a miner," a German poster says, "and you'll get more to eat." And the down-to-earth appeal provides a grim measure of a grim situation. While Ruhr daily coal production is up to 200,000 tons from the 147,000 tons of a year ago, it would take at least 400,000 tons a day to set Europe's industrial wheels turning.

FPC must decide what area will benefit, now that fate of the Inch pipelines has been settled by WAA sale.

Now the fight will turn on where the gas will go.

When the preliminaries are finished, the New York investment house of Dillon Read & Co., Inc., is expected to market Texas Eastern's long-term securities. Manufacturer's Trust Co. of New York is putting up \$4,000,000, of which the City National Bank, Houston, is contributing \$500,000.

To establish its "franchise," Texas Eastern may agree to such a provision in a temporary license. For the long haul, however, the transmission firm undoubtedly will demand more freedom.

Most of these would-be purchasers, Poe indicated, are utility operators in the metropolitan New York area, in

● **Gas Shortages**—But FPC has its eye on the midwestern fuel shortage which caused local gas distributors to interrupt service and brought many industries to a standstill at intervals this winter. FPC spokesmen also will argue that since midwestern distributors already have made connections with the Inches during T. G. & T.'s operation, these connections could not be severed without dislocation of the area's fuel supplies.

The commission's deliberations on a permanent license are likely to be lengthy—perhaps as long as a year, Chairman Nelson Lee Smith has estimated. This will permit marketers of competitive fuels to be heard, though they certainly will be cut short in the event of another major coal strike. At any rate, the same spokesmen had a day in court during FPC's recent natural gas investigation, apparently without overly impressing the commission.

Gimbels launched them at \$12.50, Macy's now sells 'em at 98¢, and Reynolds pen sales soar to record highs.

Although Reynolds Pen Co. lately has become acutely price-conscious, neither the new bargain-basement prices on its ball points nor the bonanza occasioned by the slash was of Reynolds' doing.

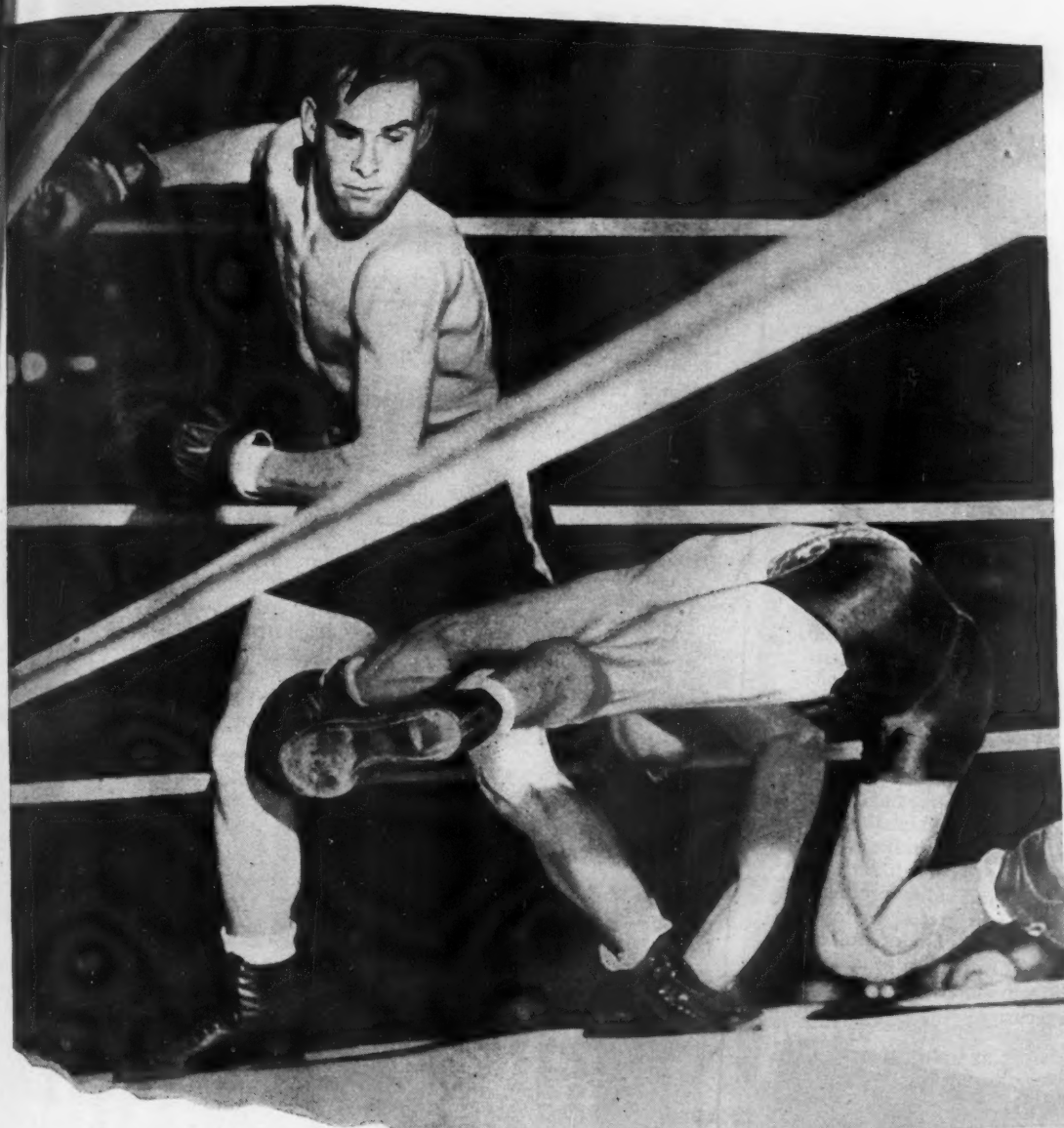
Just before Christmas, 1945, Gimbels, with characteristic opportunism, got the jump on Macy's in introducing the first Reynolds pen version at \$12.50 (BW-Dec.15'45,p84).

Macy's had picked up 125,000 Rockets from Mel Jacobs, a Chicago jobber who had acquired 300,000 of them from Reynolds. Presumably they cost Macy's in the neighborhood of 60¢. Next day, Gimbels advertised the Rocket for 94¢—or three for \$2.59. The only catch was that Gimbels had only a few thousand left from Christmas and it sold out in no time. Macy's meanwhile sold more than 100,000 of the Rockets in two days.

Reynolds' president Frank Lamb, says, "We aren't smart, we're lucky; but we can turn on a dime." He has stepped up production of the "discontinued" Rocket to 100,000 a day.

Meantime old-line pen giants, like Eversharp, ignored the dollar doings. Traditionally, their strategy is to upgrade merchandise, not cut prices. In the lofty higher-price brackets they operate on long margins, and snare the profitable gift-and-graduation trade. Now they made no moves to come down. Neither does the trade think—for the moment—that they will.

... and not just at Macy's.



ounds it was touch-
ender threw

The champ deftly side-stepped a hard left hook to the head, blocked a right neatly, then chilled the challenger with a wicked left. The pretender to the throne met his doom just minutes before the end of the eighth. It was a tight battle throughout, but the champ was equal to the challenge.



CHAMPIONS do everything well. They must. In the office—as in boxing—they've got to be best of lot to stay atop the heap. The Comptometer holds leadership because it is speedy, accurate, economical . . . and amazingly versatile! With the short, sharp strokes of a true champ, it handles up any kind of figure-work

problem: addition, multiplication, division, subtraction. Because the *great bulk* of figure work consists of addition, the Comptometer is runaway winner! Analyze your own accounting routine, and you'll agree the Comptometer can get *all-around* results faster, with less labor, for the lowest cost!

The Comptometer, made only by Felt & Tarrant Manufacturing Co., Chicago, is sold exclusively by its Comptometer Division, 1733 N. Paulina St., Chicago 22, Illinois.

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ADDING-CALCULATING MACHINES

WILL
POWER HANDLING
EQUIPMENT
HELP ME INCREASE
PROFITS?

A fair question to ask yourself—and here's help in reaching your solution.

With profit margins diminishing, successful operating in the months ahead will, to a large extent, be dependent upon careful scrutiny of costs. Since materials handling adds nothing to product value—yet frequently accounts for 10 to 20% of cost—it provides a fertile field for improvement. Mercury Sales Engineers, men thoroughly seasoned in all phases of materials handling, will be happy to consult with you on your individual problems. Or, if you prefer, write for your FREE copy of Bulletin 201-6. Contains a wealth of information for the handling executive.



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MERCURY

CITIES

Wanted: an Unbalanced Budget

Milwaukee businessmen and civic leaders trying to get the city fathers to spend more money on municipal improvements. Last month's blizzard dramatized obsolescence of city's equipment.

The blizzard which recently immobilized Milwaukee traffic did more than shut down most stores, factories, and offices for three business days: It brought into prominence a movement for reshaping the city administration's spending habits.

Businessmen, backed by members of assorted labor and civic groups, are leading the campaign. Businessmen in most cities usually work toward a tight rein on municipal spending. Not in Milwaukee. The campaign there is urging public officials to loosen the knots in the city's pursestrings.

• **Deficits Shunned**—Milwaukee's fiscal policy, inaugurated decades ago when Socialist Mayor Dan Hoan presided over

the nonpartisan Common Council, has been to spend not a dollar more than the year's tax income. Public maintenance and construction have been trimmed to fit these appropriations.

But Milwaukeeans have squirmed for years under the frank comments of out-of-town friends that the city looked dingy and ill-kept. Notably prosperous with its huge factory payrolls flowing into the pockets of one of the nation's largest pools of skilled mechanics, the city has the appearance in many of its back streets of being broke.

• **No Funded Debt**—But the city administration actually has performed miracles of thrift worthy of New England. Proud boast of the city's politicians and

MILWAUKEE'S "LAST WEEK END"

LAST WEEK...we were imprisoned by a snowstorm BUT, we were sentenced years ago

What is the problem Milwaukee? How much did this snow storm cost you? In LAST WEEKS or LAST BUSINESS? Other things as well as what CAN happen.

"WHAT'S THE MATTER WITH US-ATWAT?"

The answer is PLAIN and it was written YEARS AGO. Milwaukee has a fine city. The best people on earth live here, but we have gone to seed in the matter of public improvements.

The thing for Milwaukee's improvement: knock-down your political party with the one-of-a-kind, give-to-advance FINANCIAL POLICY order which our city has accepted for years.

A POLICY THAT SAVES MILWAUKEE CAN HAVE NO IMPROVEMENTS, NO EQUIPMENT, NO COMFORTS, NO FACILITIES OF ANY KIND UNTIL WE HAVE SAVED UP THE MONEY IN ADVANCE TO PAY FOR THEM—

A POLICY WHICH FORCES PRESENT TAXPAYERS TO PAY FOR IMPROVEMENTS THEY WILL NEVER SEE—

A POLICY WHICH REFUSES TO PERMIT BUREAUCRATS OR BODIES SO THAT PRESENT TAXPAYERS AND THE PRESENT GENERATION CAN ENJOY THE BENEFITS OF THINGS THEY ARE STRUGGLING NOW TO PAY FOR—

A POLICY WHICH REFUSES TO LET US HAVE IMPROVEMENTS AND PAY FOR THEM WHILE WE ENJOY THEM—

What is the problem Milwaukee? How much did this snow storm cost you? In LAST WEEKS or LAST BUSINESS? Other things as well as what CAN happen.

IT'S NOBODY'S FAULT BUT OUR OWN. EVERY CITIZEN IN MILWAUKEE IS RESPONSIBLE.

THIS SITUATION CAN BE CORRECTED BY VOTING "YES" AT THE APRIL 1ST ELECTION. A "YES" ANSWER TO THE QUESTION "SHALL THE CITY BELEND FOR A PROGRAM OF PUBLIC IMPROVEMENTS?" WILL DO THE JOB.

BE VOTER "YES" VOTE YOU CAN SAY "NEVER AGAIN" TO A MILWAUKEE PARALYZED BY AN OBSCURE THING AS A SNOWSTORM.

YOU CAN SAY "YES" TO CREATING A NEW UP AND COMING, OUTGETTING MILWAUKEE—A MILWAUKEE ALIVE TO THE NEEDS OF ITS HANDLES, AND DETERMINED THAT THEY SHALL BE MET, AND NOW—NOT FIFTY YEARS FROM NOW.

It is not too early to begin NOW to think and work for a "YES" vote in the April 1st election. Let's remember Milwaukee's "Last Week End." Let's say, "NEVER AGAIN."

IMPROVE MILWAUKEE NOW COMMITTEE

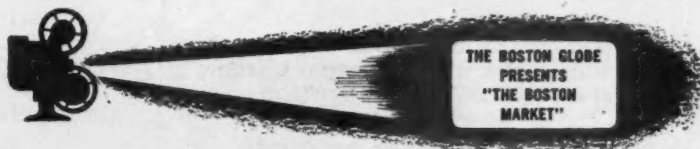
Obsolete snowplows—result of a thrift regime—lost Milwaukee a week end and money. The Improve Milwaukee Now Committee calls for freer spending.



"\$2,000,000,000 . . . and it's all spending money"

The joke's on you if you're one of those who think of Boston as a hotbed of historic landmarks, book stores and Beacon Hill coupon-clippers. For the Boston market is actually not *one* city but is Boston *plus* 151 Greater Boston cities and towns, with 2,890,204 men, women and children who are too busy spending their \$2,000,000,000 yearly allowance to give more than passing attention to the Boston Legend.

This amazing market—fifth largest in the country—and with the highest per capita income of any large metropolitan center—is unique in that it can be efficiently covered by Boston newspapers although some of its large cities, such as Cambridge and Somerville, normally would be considered markets in themselves. And for best results in this key market, be sure to use Boston's *best-read* newspaper—The Boston Globe.



A 20-minute color film explaining this unique market to advertisers and their agencies. The film will be shown in key cities throughout the country.

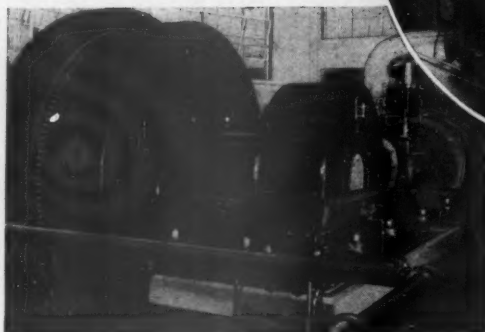
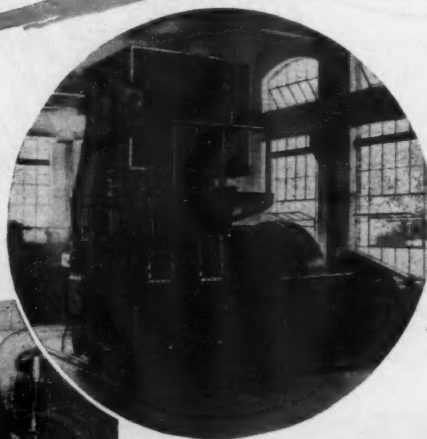
The Boston Globe

MORNING • EVENING • SUNDAY

Skinner "UNIVERSAL UNAFLOW"

Steam Engines

VERTICAL TYPE



HORIZONTAL TYPE

WHAT THEY ARE

The Skinner "Universal Unaflow" Steam Engine is the outstanding reciprocating prime mover of this era, made by the largest exclusive manufacturer of steam engines in America. The performance of thousands of "Universal Unaflow" engines, in almost every type of industry and institution, daily demonstrates the truth of our claim—that they are "the most economical steam engines built."

"Universal Unaflow" engines are correctly designed for simplicity, dependability, heavy duty service, flexibility, and permanently maintained economy. They are available in sizes ranging from 75 to 2,250 horsepower, and in horizontal or multi-cylinder vertical types.

WHAT THEY DO

Skinner "Universal Unaflow" Steam Engines are built for direct connection, coupling, or belt drive, to electric generators, compressors, blowers, pumps, lineshafts, or other load.

Over 2000 power users, in industries and institutions, have found it more economical to generate their own power with "Universal Unaflow" engines than to purchase power from the local utility, or to generate power with other prime movers.

Exhaust steam is available to be utilized for heating, for laundry, for processing techniques, and many other purposes, further adding to the savings enjoyed through use of "Universal Unaflow" engines.

Skinner "Universal Unaflow" engines are frequently bought under our Guaranteed Saving Contract, payments being made out of proved savings after the engine is in service. Write for detailed information of the advantages of Skinner "Universal Unaflow" engines in your industry.

For Over 76 Years, Doing One Thing Well—Building Steam Engines

SKINNER ENGINE COMPANY, ERIE, PA.

most of its citizens has been that Milwaukee has no bonds or other municipal debt outstanding.

Today the city treasurer has \$30 million in cash with which to operate until the next tax money rolls in.

• **Sponsors**—The campaign to relax the city's program of planned parsimony is under way in the early 1940's. It is spearheaded by three organizations of interlocking membership—the Greater Milwaukee Committee, The 1948 Committee, and the Improve Milwaukee Now Committee.

First general objective was to put off dead center a years-old plan for a civic center. Next was to get a six-point program of planning and construction completed by 1948, when Wisconsin will celebrate 100 years of statehood.

The Common Council has now provided a more immediate goal by putting on the ballot for the Apr. 1 election the advisory referendum question, "Should the city issue bonds for a program of public improvements?"

• **The Last Straw**—The January snow storm brought matters to a head. For it proved one of the critics' main points that Milwaukee's municipal equipment was obsolescent to the point of actual danger. The dollar cost of the blizzard to Milwaukeeans has been estimated at \$75 million. The loss would have been far less, the critics say, if the city had had an adequate fleet of snowplows—even if it had been less stingy about using those it possessed.

Public officials, to keep within the budget, held back the plows, hoping the snowfall would cease. By the time they ordered the plows out, many drivers and laborers were snowbound at home and many drifts were too deep for the plows to handle. Most-quoted contrast: Chicago's plows were out five hours after the first flake fell; it took Milwaukee 30 hours to get started.

• **Progress**—Results are already visible. The city has ordered half a million dollars worth of snow equipment. Behind the citizens behind the campaign is this is only the beginning. They want express highways, new public buildings and a general stepping up of municipal facilities and services. Milwaukee, they say, needs a complete rehabilitation.

SMALL TOWNS PREFERRED

More evidence came to the surface this week to underscore industry's trend toward small communities for expansion and decentralization (BW—Nov. 23 '46, p. 31).

A survey made by Indiana's Dept. of Commerce & Public Relations indicates that, of the 248 new manufacturing plants acquired by that state since V. Day, 76% have located in cities and towns with less than 100,000 population. And 56% of the new plants have

CUSHIONS OF STEEL

... to Serve You



A spring is a simple thing. Usually nothing more than strong metal coiled or laid in "leaves" to resist pressure — to cushion the load it is carrying. But, like the spike, the spring is one of those simple, necessary "little" things that play an important part in railroading.

On the Norfolk and Western, hundreds of different kinds of springs help to carry the load. Whether it's an 867-pound engine driving spring or a hair-spring in the locomotive steam gauge, springs are part of your guarantee that Norfolk and Western trains will move passengers and freight safely and swiftly.

At the end of your comfortable train trip, or when you receive your shipment of fresh country eggs or steel girders, remember the humble spring. It's not dramatic like powerful locomotive drivers, or automatic signals, or gleaming rails along which big locomotives roll, but it's in there just the same, doing its job — *to serve you.*

Norfolk and Western

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PRECISION TRANSPORTATION

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New!

**The
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"Board Drop
Hammer"**

The CECO-DROP

REG. U. S. PAT. OFF.

CHAMBERSBURG Engineering Company marks its 50th Anniversary with the introduction of a new gravity drop hammer that represents a tremendous advance in drop forging practice. Designed for work customarily assigned to the board drop hammer, the CECO-DROP will out-produce any existing gravity drop hammer.

Eliminating boards, the Ceco-Drop lifts the ram by means of air or steam, holds it by a simple ingenious clamp and drops it by a treadle operated air valve. Performance records to date show at least 10% more forgings than on conventional gravity drop hammers, with simplicity, safety and low maintenance as additional features.

Write for descriptive bulletin

CHAMBERSBURG ENGINEERING CO.
Chambersburg Pennsylvania
1897 ★ Fiftieth Anniversary ★ 1947

CHAMBERSBURG
Builders of **IMPACT** Machinery

NO BOARDS

NO BELTS

NO MOTORS

set up in communities of less than 25,000.

Here's a breakdown:

Population Group	Number of Plants	New Employment
1,000-10,000 ...	78	4,295
10,000-25,000 ..	60	3,676
25,000-100,000 .	51	2,628
Over 100,000...	59	12,692

While smaller communities obtain the major share of new factories, the biggest employers still chose the large cities with their plentiful supply of labor.

Most of the companies which chose small towns did so because they were seeking communities where workers could settle down, own their homes, and are less likely to be militant union members.

**New Problem for Cities
Launderette Sanitation**

City fathers may soon have a new sanitation problem dumped in their laps, if recent action in Philadelphia becomes general.

The problem is posed by the rise in tide of self-service launderettes (BW Oct. 13 '45, p93). Philadelphia, like many other cities, has no ordinance which specifically covers issuance of licenses to operate these new businesses. Because of this, Quaker City officials are now withholding permits until a set of governing laws can be drafted to encompass both zoning and sanitation regulations.

• **Residents Object**—The sanitary question was injected into the picture last month when a group of residents opposed the location of a wash-it-yourself laundry in their midst. Previously nine applicants had received the go-ahead signal after their cases were judged within present zoning laws. The trouble light came at a time when over 100 launderette applications were on file.

When the health question was raised, the Philadelphia zoning board sided with the objectors. It commented that there was nothing to stop a wash from a sanitary home going into one of the machines just after it had completed one from a house with some contagious disease.

• **Rules Coming**—Herbert M. Packard, chief of Philadelphia's Bureau of Housing & Sanitation, declared the regulations being drafted will put some present operators out of business. He insisted he will insist that launderette owners prove that they can maintain water temperature above 160 F for the machines.

Some of the applicants whose licenses are currently being held up charge that the whole thing is nothing but a political move. Officials, they say, are putting the pressure on at the instigation of regular laundries.

AVIATION

Hughes' Views

TWA's new boss favors dropping foreign routes. CAB might forbid it because of effect on U.S. foreign policy.

The question of official American policy on transatlantic commercial aviation is up in the air again. And the thing that put it there is the recent organization of the top management of Transcontinental & Western Air, Inc.—particularly the resignation of T. Wilson as chairman of the board and director of the international division (BW—Feb. 15 '47, p20).

Hughes Runs It—The man who is now in virtually complete control of TWA is Howard Hughes, president of Hughes Tool Co. The board of directors was enlarged last week from seven to 24 members; the 13 new men are Hughes appointees. Through Hughes Tool, Hughes has, for many years, owned approximately 46% of the TWA's stock. In addition, the company has recently lent TWA \$5 million, with a promise of another \$5 million in the near future—and the loan is convertible into common stock.

Hughes is known to look with disfavor on TWA's international operations. He feels strongly that the best way to put TWA back on its financial feet is through concentration on its domestic system. This is in direct variance with the view held by Jack Frye, long-time president of the line.

Repercussions—TWA's board probably will take any action that Hughes decides on. But a decision to discontinue the international division would have serious repercussions far beyond the corporate confines of TWA.

TWA's overseas service is a part of the country's foreign relations. The prestige of the American government abroad could be severely damaged by lapse of service. This is especially true in view of the air transport ambitions of foreign governments, notably England.

Three-Way Split—Transatlantic routes now by American lines are divided among three carriers. Scandinavia, northern Europe, and Russia are served by American Overseas Airlines, a subsidiary of American Airlines. TWA has the middle route, through Paris to the Middle East and northern India. The Mediterranean route, through to southern India, is flown by Pan American Airways.

These territories were allotted by the Civil Aeronautics Board about two

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Coolness

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We keep on our toes! . . . Not only is advanced engineering reflected in the performance of the equipment we build, but it's *right there* when we come to apply Clarage air handling or conditioning to your job . . . Try us!

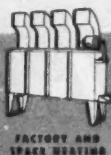
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Kalamazoo, Michigan
Application Engineering Offices in all Principal Cities



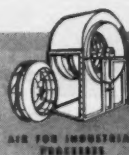
MECHANICAL DRAFT



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FACTORY AND SPACE HEATING



AIR FOR INDUSTRIAL PROCESSES

SUPERIOR

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STATEMENT MACHINES



These features guarantee absolute accuracy in the R.C. Allen Ace Statement Machine

- Adds, subtracts and multiplies
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- Tabular steps, variable line spaces
- Operated by Universal electric motor

Model 1055

R.C. Allen Business Machines, Inc.

GRAND RAPIDS 4, MICHIGAN

ADDING MACHINES ★ CALCULATORS ★ BOOKKEEPING MACHINES ★ CASH REGISTERS

years ago (BW—Jul. 14 '45, p. 15). By decision, the board definitely went record as favoring competition in overseas air transport instead of the "champion instrument" policy of a single American flag line.

From the time the question of government policy on international transport first came up, Pan-Am has been a strong supporter of the champion instrument idea—with itself as the chosen instrument, of course.

• **Congressional Support**—There is considerable support in Congress, too, for a single American flag line. Most of the congressman on this issue is Sen. McCarran. His bill to authorize a flag line for overseas operation was defeated in committee in 1945 and again last year; he has introduced it once more.

Sen. Owen Brewster is seeking support for a slightly different bill, which would authorize a flag line in which all interested domestic carriers would participate.

• **Up to CAB**—What Hughes decides to do will have considerable effect on the whole controversy. If he settles for abandonment of the international decision, he probably will ask CAB for permission to stop flying the routes. The board would then have several possible courses of action.

It might try to find another company to operate the routes. It might split the routes between American Overseas and Pan-Am.

• **Binding Order**—Or the board might order TWA to continue to fly the routes until its certificate expires in 1952. TWA would have to do such an order. It could just stop flying the routes, of course. But its chances of getting its domestic certificates renewed as they expire wouldn't be worth much if it did.

NEW BLIND LANDING AID

A new twist was given this week to the current controversy over the means of making blind landings safe (BW—Oct. 5 '46, p. 43). The Army Air Forces announced that it now has a device for making its radar Ground Controlled Approach system (GCA) completely automatic.

The new device, it is claimed, will control three planes simultaneously in the final approach to the runway, keeps them safely separated by automatic throttle control and lands them in zero-zero weather without a human hand touching the plane's controls. AAF Watson Laboratories, Red Bank, N. J., developed the new gadget.

With AAF underwriting its technical excellence, the new device is sure to attract attention from economy-minded Republicans who head Senate and House air safety committees. The committee men have been trying to

NORTHEASTER!



THE WEATHER

Today: Freezing rain changing to rain, highest temperature near 35; strong northeast to east winds. Tomorrow: Occasional rain in morning followed by partly cloudy and colder, winds shifting north. Temperatures yes.

HAS YOUR BUILDING THIS RAINCOAT?

A bad storm may result in costly damage to an unprotected building and contents. To protect a building and beautify it is now a simple process with Waterfoil. Unlike any other protective coating, Waterfoil is made of irreversible inorganic gels which bond both chemically and physically to masonry surfaces. By helping to impede water penetration into concrete, brick or stucco walls,

Waterfoil also prevents reinforcing bar rust, spalling or disintegration. Don't wait for the gale. Write for the literature today — it's important to all building maintenance.

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Company

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prove conditions without the huge appropriations required for installing an Instrument Landing System (BW Jan. 4'47, p38) and GCA at 160 major air terminals. The Civil Aeronautics Administration has invested \$10,000,000 in ILS.

W. P. Hilliard, manager of Bendix Aviation Corp.'s radio division, says Bendix can make the first commercial designed GCA for \$75,000. War-time cost was \$120,000 per set. The saving means a single airport could be equipped to handle all-weather landing of all type aircraft on all runways for \$85,000. CAA currently estimates approximately \$250,000 for ILS and GCA.

Heavy airline investment in airborne ILS receivers would not be jeopardized by the new GCA device. It is designed to work with all currently operating types of landing system receivers and the Sperry, Pioneer, and Minneapolis-Honeywell electronic automatic pilots.

STRIPES FOR STOPPING



Neat stripes of soft white rubber provide more than a dressy note for Fisk Safti-Flight tires (above). Cutting across the tread, the white inserts create hundreds of independent tread blocks, designed for easy riding and increased traction on quick stops.

Introduced to the public just before the war, the tire was again on display this week by U. S. Rubber Co.'s Fisk Tire division.

Overweight may menace your health,

especially if you are over 30,



for it often goes hand

in hand with high blood pressure, heart ailments, diabetes,

and other diseases. However, if you are under 30, a small

amount of overweight can be beneficial.



The chief cause of overweight is overeating.



It rarely results from glandular disturbances or other causes.

If you are overweight,



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diagnose the cause. Follow his advice for bringing your

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Keep it

there *-and help assure a longer, happier life!*

For further helpful information, send for Metropolitan's free booklet, 37-S, "Overweight and Underweight."

It contains lists of the calorie values of almost 300 foods, suggested low-calorie menus, illustrated reducing exercises, and a table of ideal weights.

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THE LESS TIME THEY HAVE FOR *PRODUCING*

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It costs you real money when valuable machines stand idle while skilled workers wrestle with heavy jobs or slow-moving hand hoists. Speed up your materials handling with Whiting electric hoists. These powerful little hoists will handle loads up to one ton, with speed and safety. To install a Whiting hoist, simply hang it up, plug the cord into the nearest electrical outlet, and it's ready for use. This hoist is so light in weight that one man can easily install it or move it without assistance. And its cost is so low that it pays for itself in a very few months.



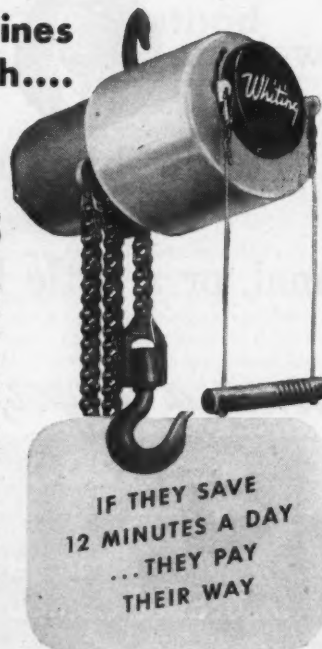
Write for Bulletin H-100

WHITING

CORPORATION

15661 Lathrop Ave.,
Harvey, Illinois

BUILDERS OF QUALITY HOISTING EQUIPMENT FOR OVER 60 YEARS



To Probe Rates

Airline passengers may pay higher fares if CAB finds $4\frac{1}{2}\%$ a mile too low. Reduction in freight tariffs possible.

In a speech in Chicago last month, United Air Lines' president W. A. Patterson neatly called the pitch on the plight of the airlines: "The present average airline (passenger) capacity is approximately 74% utilized, while the breakeven point during this conversion period is approximately 80%. Increases in passenger fares or in mail rates or in both are inevitable."

This week it looked as if it will be the passenger rates—if any—that get the hiking. The airlines, of course, would rather see the mail rates go up. But the Civil Aeronautics Board has countered by instituting an investigation in order to determine how nonmail revenues can be raised.

• **Might Reduce Traffic**—CAB will find out whether rates, fares, and charges for transportation of passengers and property by air within the United States are "unjust or unreasonable" and should be adjusted to the airlines' benefit by board order.

A considerable segment of the airline industry feels that the study will result in a fare increase. However, the possibility is not overlooked that a hike in airline passenger rates might reduce nonmail revenue by sending marginal passengers back to using the railroads and buses.

• **To Study Cargo, Too**—Present airline fare is $4\frac{1}{2}\%$ a mile, except for National Airlines, which recently boosted its rate to 5% . National, like other major certificated air carriers, followed American Airlines' lead late in 1945 and cut fares from 5% to $4\frac{1}{2}\%$, a move many have since regretted.

Revenue from the blossoming airline cargo business will share the board's consideration. There is some conjecture that the investigation will lead eventually to an increase in passenger fares and to a reduction in the present varied air freight rates, the latter move to be made manifestly for the purpose of increasing the volume of air freight cargo.

• **Covers Industry**—Thus far no hearing date has been set. But the airlines expect to be given a full opportunity to air officially the divided views on the fare question which they have been expressing to the press for the past several months.

The board's order applies to 16 major airlines and it will be confined to general, rather than to individual, airline rate levels.

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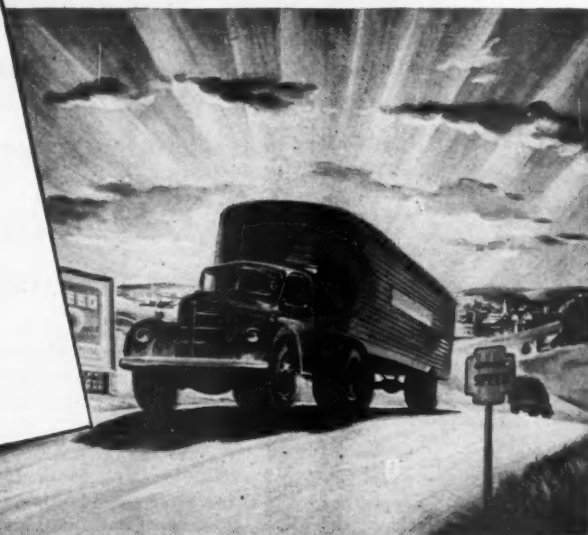
1947

HOW TO

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Decisions you make today
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6 Months from now!



Swift, flexible, efficient truck transportation not only can put you in a better competitive position . . . but may be the answer as to whether you operate at a profit—a loss—or survive!

You don't have to be told we are turning the corner. *We have!*

Already, plans are being made that will affect every business—from industrial giants to the small shoe store on Main Street. American enterprise is buckling down to face a tough job, an era of "shirt-sleeve competition"—with no holds barred!

This is a picture made-to-order for truck transport. For trucks become more essential than ever—when business has to economize.

Trucks deliver or bring **WHAT** you want, **WHEN** and **WHERE** you want

it—quicker, more economically. No other transportation system provides the overall speed, flexibility and economy of motor freight. No matter how you look at it, you can do it better on rubber!

TRUCKS HELPED MAKE AMERICA GREAT

It's true, America wouldn't be the great nation she is today if it wasn't for its amazing network of superb streets and highways and the never-ending stream of vehicles which travel them.

Hand-in-hand they have created new wealth . . . new scales of living . . .

new business enterprises. Every time a truck wheel turns *your dollar brings more, goes farther!*

Alert, progressive men (chances are you're one of them) are planning ahead **NOW**—thus assuring steadier employment, fatter pay envelopes—and the ability to operate more aggressively, more profitably!

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THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.

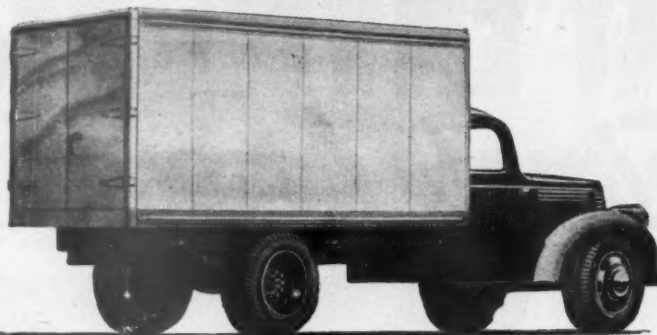
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and/or insulated
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For bigger pay loads, greater operating economies, quicker repair service, Reynolds now offers for immediate delivery Multiple-assembly aluminum truck bodies built from standard parts to fit your needs.

An experienced body fabricator in your locality has a complete stock of Reynolds van-type truck bodies. Thousands of different combinations of body models, lengths, widths, heights, floor levels, doors, linings, and insulations. Each truck is "tailor-made" . . . ready for prompt delivery.

And when it comes to repairs, Reynolds body distributors have new standard parts right in stock. No long time and money-wasting delays. No costly lay-ups.

Reynolds Truck Bodies are made from war-tested Reynolds Lifetime Aluminum Alloys with a structural strength equal to or greater than that of steel yet with *only one-third the weight!* This weight saving means more pay load . . . less wear on tires . . . greater operating economies.

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Write Reynolds for name of your nearest body distributor. Reynolds Metals Company, Truck and Trailer Division, 1419-A Dixie Highway, Louisville 1, Kentucky.



**REYNOLDS ALUMINUM
TRUCK AND TRAILER BODIES**

1620

Martin's Future

Diversification program plus domination of market for two-engine planes augurs well for aviation pioneer's company.

In the depths of a winter that has fouled up commercial aviation, Glenn L. Martin, founding father of plane manufacturing, feels that he has piloted his company clear of the fogs. Army and Navy determination that no major planemaker will be allowed to perish isn't enough for him. Nor can the Glenn L. Martin Co. rest secure in its claim that "no competitive aircraft manufacturer has sold anywhere near so many postwar ships."

As a pioneer stunt flyer, Martin's ingenuity originated gymnastics that left the spectators bug eyed. As a veteran manufacturer, his adventurous mind still explores novel possibilities. Always an avid researcher, this industrial elder's diversification program is a stand-out (BW—Sep. 28 '46, p. 22).

• **New Plastics Plant**—Martin is building at Painesville, Ohio, near Cleveland, a plant to manufacture vinyl-type plastics. Originally designed to cost \$1,500,000, a recent announcement said it would be expanded to twice that amount. The original estimate of 11 million pounds annual production has been hiked to 25 million. Initial deliveries are scheduled for spring, but volume won't be attained until late this year.

Martin calls his resin Marvinol. He will sell the plastic to processors who



Glenn L. Martin started with a toy kite. Now his plane orders—military and civilian—come to \$200,000,000.

will use it as waterproof material for furniture, luggage, books, handbags, shoe uppers, electric cables, insulating tapes, wall paper, floor covering, raincoats, and many other items.

Why Cleveland?—It wasn't sentiment that brought Martin back to Cleveland, where he built his first big plane plant. His plastics unit will pipe in two essential raw materials, hydrogen and chlorine, from the Diamond Alkali Co. just across the road. Except for the quantity of gas burned under its boilers, the hydrogen has been a waste to Diamond. Martin's other essential raw material, acetylene, will be produced from calcium carbide purchased from the National Carbide Corp. and the Electro Metallurgical Co., only a few miles away.

Another argument in favor of Cleveland was the proximity of the Case School of Applied Science. Many of Martin's laboratory men are graduates of Case. These and the company's construction engineers picked Painesville to conform with a modern pattern: New chemical plants gravitate toward supplies of raw materials, tend to develop into interdependent family groups.

Other Diversification—Martin's venture into plastics isn't the only exploration engendered by war experience. He also developed a photo emulsion which will sensitize metal, wood, plastic, cloth, or leather. So treated, the surface will take line or tone reproductions. Its first use was in the forming of templates (patterns) of engineering drawings. Taking the place of shop blueprints, they are easier to handle, won't tear or curl.

With the U. S. Plywood Corp., the Martin company developed a honeycomb plasticated material which combines light weight and great strength. The "cells" are formed with plastic-stiffened cloth or paper sandwiched between sheets of metal, glass, wood, or plastics. First used in planes, this honeycomb is expected to furnish lightweight rigidity in automobiles, railway coaches, home furnishings.

Broadcasting From Planes—Martin also hooked up with Westinghouse for experiments in Stratovision (BW-Jun. 8'46,p38). It involves the use of special planes as booster stations for the relaying of frequency modulation and television broadcasts (object being to free them of horizon limitations).

Similarly, the lure of the undetermined, plus long association with Army and Navy designers, has led Martin into the field of jet propulsion. And the company is going into the helicopter field, too. Last week it announced acquisition of all assets and patents of Rota Wings, Inc., of Philadelphia. Martin's Rota-wings division won't build helicopters—at least, not yet. On the theory that hub and control-system efficiency are the biggest problems today in helicopter

Invoices,

FOR EXAMPLE

Before re-ordering stationery supplies, ask to see a sample of your invoice as it would look if printed on Hamilton Bond. You'll find it cleaner, crisper, more business-like—as presentable as a calling card.

Hamilton Bond comes in white and six clear, contrasting colors. Your Hamilton merchant will recommend it, not only for invoices, but also for adding new sparkle to letterheads, statements, inter-office memos... to every sort of business form. W. C. Hamilton & Sons, Miquon, Pennsylvania... Offices in New York, Chicago, San Francisco.



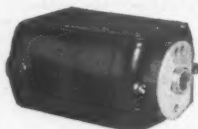
HAMILTON PAPERS



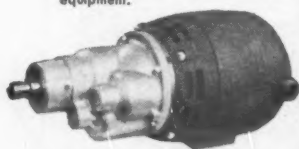
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A compact motor, particularly suitable for computing machines and other types of motor-driven office equipment.



Light-weight universal motor with efficient spur gear speed reducer.



This motor is particularly well suited for industrial vacuum cleaners, agitators, sirens, colloid mills and similar applications.

Special application . . . high efficiency...exacting manufacture are the three advantages offered by Lamb Electric motors that are basically important in obtaining a high standard of product performance. It is because of these important advantages that Lamb Electric Motors are going into more and more of America's finest products.

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development, it will concentrate its research on rotor hubs, rotor blades, control systems, and power-plant transmission drives.

• **Charting a Course**—But it is mainly hard-headed plane design and not fascinating explorations across new frontiers that enabled Martin to reconvert without hitting serious downdraughts. Long before the Japs said "uncle," Martin set his compass for the most likely point of the postwar market.

He noted that powerful rivals like Boeing, Douglas, and Lockheed were commercializing the huge four-engine jobs. He had built these flying mammoths. (A Martin-built B-29 dropped the atomic bomb on Hiroshima.) But he heeded a survey which indicated that 75% of postwar commercial flying would be in twin-engine ships. Conceding to the four-engine jobs the transoceanic and other long flights, he decided on a two-engine plane that would be economical to operate on routes up to 700 miles, with speeds to 300 m.p.h.

• **No Competition**—Today, Boeing is concentrating on its Stratocruiser, Douglas on its DC-4 and DC-6, Lockheed on its Constellation. All of these are four-engine ships. Martin's 2-0-2, and its pressurized version, the 3-0-3, are the only two-engine ships being made for airline use.

A number of industry experts feel that the tendency over the next decade will be toward two-engine planes, away from four engines. If it works out that way, Martin will be in a preeminent position to capitalize on the trend.

• **Big Backlog**—The payoff is already evident in company statistics. Martin's backlog of orders (commercial and military) is over \$200,000,000. That's higher than Douglas or Lockheed, about the same as Boeing. At the time when Martin was filling billions of dollars worth of contracts for warplanes, his employment hit 53,000. Today it is roughly 18,000 and is pointed upward.

Biggest item in the company's \$138,000,000 assets is the Martin plant at Middle River, Md., 12 mi. from Baltimore. To many a wayfarer headed for Washington, this mass of buildings on the Pennsylvania Railroad (camouflaged like the hide of a boa constrictor) was a comforting assurance of America's industrial might. The layout is the husky descendant of the abandoned church where Martin gropingly put together the first ramshackle contraption that lifted him off the ground.

• **Still Young at 61**—The bursting speed with which aviation has expanded is evident in the fact that this Adam of the business is only 61. Martin is still straight, hearty, vigorous, and imaginative. A bachelor, his house is run by his 83-year-old mother. Minta Martin encouraged her son's experiments (which began, literally, in his babyhood), helped

overcome his early discouragements, still advises him on business matters.

This is one case where an infant prodigy made good. At his birth (in Macksburg, Iowa) Martin weighed 12 lb. The family moved to Liberal, Kan., where at three Glenn awed the citizens by dismantling a farm cultivator. At eight he was doing a man's work, driving a team over the rough prairie roads.

• **Box-Kite Tycoon**—Martin's first invasion of the air was via a box kite. His design was so sensational that the other kids bought all he could make on his kitchen production line—paying 15¢ down and an additional dime on time. In 1905, the year the Wright brothers proved beyond question the practicability of flight, the Martin family moved to Santa Ana, Calif.

Nineteen-year-old Glenn Martin read about the doings at Kittyhawk and decided that he too would fly. As usual, his mother seconded his determination. Like Edison and many another genius, Martin lacked a scientifically trained background. The crude flying machine which he assembled in an abandoned Methodist church was built by-guess and by-gosh. His only guides to design were the newspaper and magazine pictures of the Wright machine. To the discomfort of the neighborhood croakers, the crazy contraption finally flew.

• **Barnstormer**—Martin had no intention of joining the ranks of impractical inventors. He wanted to get rich, and he decided the best way was to go into the manufacture of planes. Outside capital was not interested in this spectacular new form of suicide. But people would pay to see stunt flyers, largely on the expectation of witnessing fatal crashes. So Martin became an outstanding barnstormer, thereby earning money to keep his business in funds.

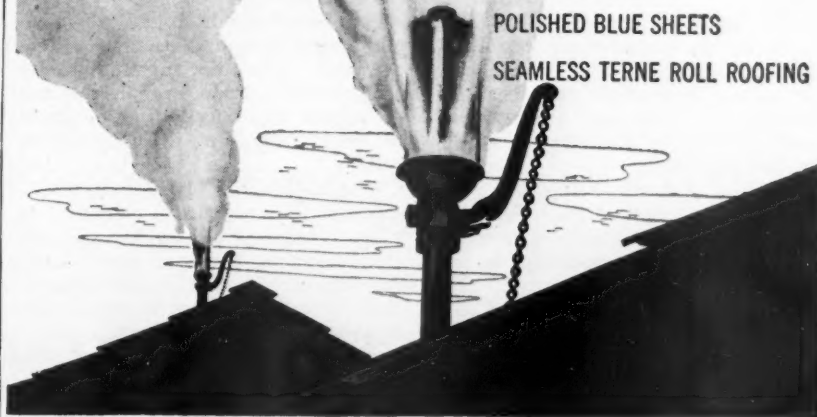
A shrewd business sense enabled him to ride the inevitable wave of popular demand. He was one of the first to proclaim the plane as a decisive war weapon, having conducted early experiments in bombing and parachute jumps. The first World War (and the sinking of German warships thereafter by Martin planes) ended the argument except for a few blind opponents of aviation in the military hierarchy.

• **Warplane Business**—The Army and Navy began loading Martin with orders. His specialty was the larger types—bombers and flying boats. One reason why he moved from Cleveland to Middle River (in 1929) was to be closer to the fighting services headquarters in Washington. (Another reason was early freezes on the Great Lakes which hampered his tests of aquaplanes.)

Today the industry regards this energetic young ancient with unique favor. Donald Douglas, Lawrence Bell, and many other big-timers began as Martin employees.

MEN at WORK

producing ---- ELECTRICAL SHEETS
COLD ROLLED STRIP
POLISHED BLUE SHEETS
SEAMLESS TERNE ROLL ROOFING



The men who produce Follansbee Steel Products—men at work in Follansbee Plants in West Virginia and Ohio—direct all their efforts toward that single objective of fulfilling your requirements for specialty steel.

Those men at work are gradually winning their struggle with unfilled backlogs but many months of uninterrupted production will pass before Follansbee Mills and Warehouses can supply all of the steel you demand.

However, as a Follansbee customer you can be assured that the standards of quality and finish are being rigidly maintained. You can be assured that your requirements for specialty steel will be met just as rapidly as possible by the men at work at Follansbee.

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PRODUCTION

Camera Clicks for Industry

Wartime success of photographic techniques in variety of manufacturing processes spurs search for additional new uses. Eastman sets up special division to keep the trend moving.

Photography is going to keep its working clothes. Eastman Kodak Co. is convinced of this. So it is establishing an Industrial Photographic Sales Division to spearhead the search for more jobs for photography in more industries.

The division is responsible for developing, selling, and servicing special Kodak products for industry. Among these are camera equipment and sensitized materials. The division will also promote commercial photography for industrial publicity.

• **Wartime Growth**—Before the war, there was a definite trend toward increased use of photography as an industrial tool. Wartime speedups in production accelerated this trend. The process—once popularly identified as a hobby—graduated from the publicity-still stage into many new jobs. These included instrument recording, photanalysis of materials, making of templates, duplication of records, microfilm filing, and vitally needed worker training through action films.

In many companies, these new and often widely different functions and

services gravitated into a photographic department or division. General Motors, one example, has a photographic unit with full divisional status employing more than 500. Ford has such a unit. Most aircraft factories and many chemical firms do, too.

• **For Templates**—Industrial photography attracted popular attention during the war when the aircraft industry adapted it to reproduce engineering and production data directly from blueprint to metal template (BW—Apr.29'44, p64).

The engineering drawing is photographed. The negative is then used to make contact prints on the specially treated surface, for small parts. Large drawings were photographically reduced, then optically projected to proper scale against the sensitized sheets.

It was found that 50 hours of photographic layout were equivalent to 12,000 hours of redrafting time, or a man-hour saving of 99.6% of the original time.

• **Many Routine Jobs**—Because this was a spectacular use, industrial photography today is popularly identified largely with

the phototemplate process. Eastman contends that industrial photography has a place wherever parts or products are planned, fabricated, or assembled. It can be used in design, engineering, training, production, record keeping, research, inspection, and administration. Some of these processes are refinements of well-known techniques. Most are far removed from conventional photography.

The petroleum industry has used photography for a number of years. Recent oil-field discoveries were first detected on photographic recording devices. High-speed photography (BW—Jul.28'45,p63) has played an important part in the mechanical design of rotating and reciprocating parts, for engineering study of combustion in engines, and for watching the behavior of moving parts in service.

• **New Fields and Techniques**—In addition to these established functions, new jobs loom for industrial photography. Kodak's Transfax process—started during the war (BW—Sep.23'44,p86) but not perfected until recently—allows the transfer of drawing details from a drawing to a sheet of steel (or other material) without the need of darkroom facilities (pictures, below). In effect, it is a new way to reproduce any drawing, legend, or picture on any firm, non-absorbent surface.

A translucent drawing is placed on the sheet, which has been sensitized by Transfax spray. Strong lights—arc or mercury vapor—then “print” the lines on the sheet. The process can be used for nameplates, dials, instrument panels, or wiring diagrams on finished products. Or it is useful as a production



To transfer a drawing to a firm surface, Kodak places a translucent drawing over a Transfax-sprayed sheet, exposes the whole to strong arc or mercury vapor lights.



The transferred layout, dried and overcoated with primer, withstands bending and shearing. It even resists torch cutting. The process works on steel or other rigid material.



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32 convenient offices

Look at that list of field offices shown below! There is one within easy reach of your home—no matter where you are. And each is organized to give you fully-rounded service . . . help you select the plant you want . . . from the wide range of surplus plants offered by the War Assets Administration.

While you may know of many wartime plants which have been acquired recently by private industry, the fact remains that your Government still has hundreds of choice large and small industrial facilities for sale or lease. And these plants, with or without equipment, may be negotiated for in whole or in part to suit the requirements of a particular business, big or little.

If you can qualify as a "small business", you will find that a *high priority* is available for

your purchase of a plant through the Reconstruction Finance Corporation. Our field offices will advise you how to obtain this priority certification from RFC.

If you are thinking of *expanding* your production, *modernizing* your facilities, *adding* a new process, *relocating* your business or starting a *new* enterprise—make your needs for plant and equipment known to the War Assets Administration office nearest you. It is one of the 32 regional offices set up for the sole purpose of helping you get the plant you want.

Write, phone or call for the **PLANT-FINDER**, a fully indexed, descriptive catalog of Government-owned plants.



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business men

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This series of *Steam-Pak Generators* is used for oil-fired automatic heating and hot water supply . . . completely self-contained, fully automatic, factory pre-tested, using fuel oils No. 3, 5, or 6.

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Oil-Fired Equipment for Industry
AMERICA'S MOST COMPLETE LINE

tool to transfer information and instructions directly on structural material which is to be cut, shaped, or joined. Recently, the process has been adapted to printing in red, yellow, or blue tones, as well as white.

• **Promotion Plans**—To promote wider use of such techniques, and to foster new developments, the Industrial Pho-

tographic Sales Division will be staffed with war-experienced specialists, who will work with field representatives. Plans include extensive industrial advertising.

A distribution system for industrial photographic materials, with special Rochester training for dealer personnel is also in the cards.

Tough New Alloy for Better Electric Motors

Give us a metal for motors and generators that can soak up a terrific load of magnetism—but be sure it's strong and ductile.

That's what Westinghouse Electric Corp. top management has been telling its research engineers for years. Now the researchers have come up with a cobalt-iron-nickel alloy that they believe fills the order. The result will be electric motors either lighter in weight or with more horsepower from the same weight.

Dr. Trygve D. Yensen and James K. Stanley, corporation researchers who developed the alloy (christened *Hiperco*), say it will soon be produced at the rate of 1,000 pounds per day.

• **Search**—Creation of a strong magnetic field is the basic factor in design of motors and generators. Scientists—including those at Westinghouse—for years have been seeking metal alloys with higher and higher magnetic saturation points.

Yensen concentrated for some time on silicon-iron, and nickel-iron alloys. Then he found that, although all metals have a saturation point beyond which they will carry no more magnetism, the combination of 35% cobalt, 64% iron, and 1% chromium gave the highest saturation point of any magnetic material that has yet been found.

• **Refinement**—But the first samples were too brittle for use. So Stanley figured out a method of rolling and treating which produced a tissue-thin strip, that is tough enough to withstand intense vibration, yet is ductile enough to be bent double without breaking.

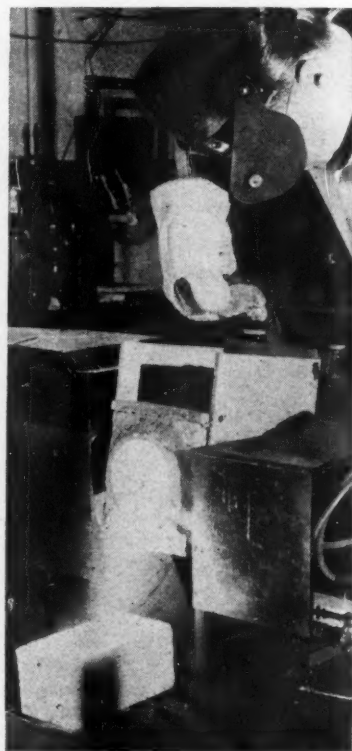
First production methods employed hot-rolling and slow-cooling. This resulted in brittle structure. The recently perfected method consists in rolling the hot ingots into 2-in. to 3-in. slabs. They are reheated, rolled again to a thickness of $\frac{1}{16}$ in., and then quenched in cold water. The sudden cooling gives *Hiperco* strength and ductility.

Final sizing—done by cold-rolling—can reduce *Hiperco* down to one

two-thousandths of an inch. For most uses, one two-hundredths of an inch will suffice.

• **Helping Hand**—So far, Westinghouse laboratories have done the whole production job—from pouring ingots (picture) to final rolling. In practice, commercial steel mills will produce the metal and do the hot rolling and quenching. Westinghouse will set up facilities to do final cold-rolling.

Because of *Hiperco's* high saturation point, its use will reduce weight because less metal will be needed to get the same power in a motor. On the other hand, using the material in conventional motor design will mean more output. Although cobalt is a high-cost material (most of it comes from Africa) Yensen believes *Hiperco* will be valuable wherever smaller, lighter motors are economically important.



The Wholesale Dry Goods Institute endorses *The Pathfinder Plan*



Managing Director Henry Matter says:

"We were greatly impressed . . . encouraged by the fact that your objectives parallel ours so closely . . . would like every Institute member to know about your splendid program."

THIS PLAN of community-wide merchandising demonstration was originated in Nampa, Idaho, sponsored by PATHFINDER Magazine, in May 1946. The results were amazing. Following the week of demonstration, known as Nampa-Pathfinder Week, retail sales in this city of 13,000 people have maintained a level far above that of the Federal Reserve district.

A second demonstration of the principles of community cooperation and laboratory exposition of merchandising methods was held with equally satisfactory results in Bridgeton, New Jersey in October. A third is now being arranged in Stroudsburg-East Stroudsburg, Pennsylvania to culminate in PATHFINDER Week, May 5-10. Scores of national manufacturers are participating.

PATHFINDER transmits the story of demonstrations, in photographs and figures, to the merchants of 17,000 small towns and cities where this maga-

zine circulates. The heads of the more than a million PATHFINDER families are in large proportion the influential business men of these communities. The result is better merchandising—cost of distribution reduced—and a clearer road for manufacturers to this rich and substantial market "Where Profit Lies."

Further information regarding the PATHFINDER Plan and its Stroudsburg demonstration may be obtained by writing to PATHFINDER, Sales Development Dept., Washington Square, Philadelphia 5, Pa.

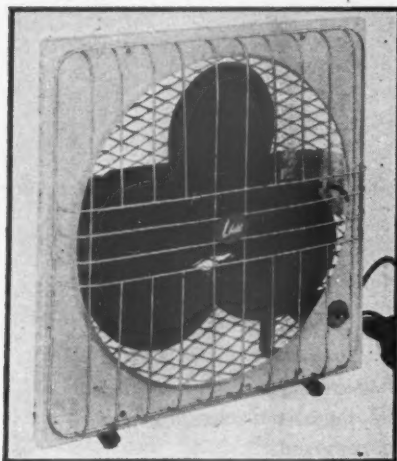
GRAHAM PATTERSON, Publisher



NEW PRODUCTS

Window Fan

A three-speed motor drives a new lightweight fan produced by Lau Blower Co., Home and Orchard Aves., Dayton, Ohio. The 18-in. fan, intended for



drawing in or exhausting air, is finished in two-tone baked enamel.

Base bracket of the fan is cushion-mounted to eliminate noise and vibration, and to avoid marring tabletops, polished floors, and painted ledges. The fan can be suspended from a window frame at the desired angle for directing air up or down.

Availability: Production begins April, 1947.

Floor Conveyor

The EPCO traction system, developed by Engineering Products Co., 122 S. Michigan Ave., Chicago 3, for handling heavy materials, is essentially a roller-conveyor set in the plant floor. Trackage, laid in a trench in the floor 6 in. deep and 14½ in. wide, is provided in standard lengths of 10 ft. Ball bearing rollers in the track support the load, such as barrels, cotton bales, or paper-board rolls, enabling one man to move heavy, bulky commodities. Curved trackage and turntables are also available.

Availability: delivery in three months.

Compact Engine

To provide a heavy-duty gasoline engine that is compact and lightweight, D. W. Onan & Sons, Inc., 43 Royalston Ave., Minneapolis, Minn., departed from conventional designs. The engine, called the CK, is a 10-hp., 4-cycle, air-cooled prime mover that weighs only 97 lb.

Aluminum construction, large cylinder cooling surface, and an axial flow

fan speed heat dissipation in the cylinders. Opposed cylinder design provides smooth running balance and minimizes vibration.

The ignition system consists of a low voltage pulse-generator which supplies current to a hermetically sealed, high-voltage ignition coil mounted on top of the engine. A concentric float type carburetor and specially designed crankcase permit mounting and operation of the engine at wide angles from the vertical.

Bearing surfaces, said to be almost twice as large as those in engines of comparable size and horsepower, are pressure-lubricated. The engine has a 3-in. bore, 2½-in. stroke, and 38.8-cu. in. piston displacement. An electric starter is optional.

Availability: immediate delivery.

Infrared Photo Light

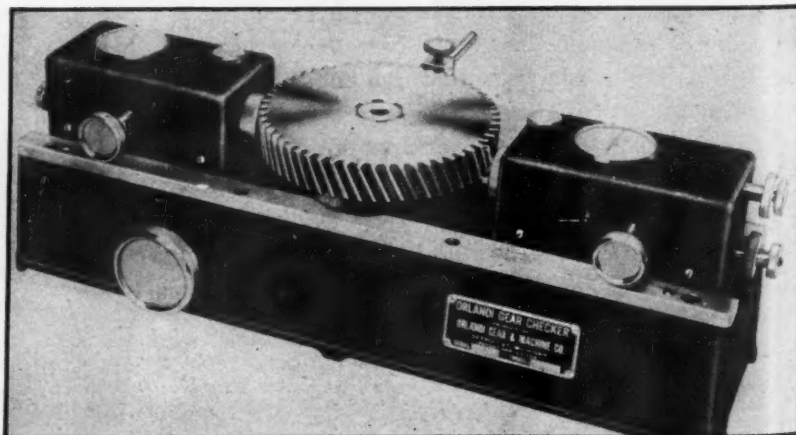
For use as a drying device and dark-room safelight for ortho films, Sylvania Electric, 500 Fifth Ave., New York 18, has developed a new 200-watt ruby infrared photographic lamp. Designated as R-35, the new lamp consists of a mushroom-shaped, natural-ruby glass bulb mounted on a medium screw base. The bulb is silvered from the neck halfway down the bowl, inside and out, for maximum reflectivity. The glass filters out visible light, permits infrared energy to pass through.

A second use for the bulb is as a heat lamp to bring up temperatures of chemicals or to dry negatives. Infrared energy is said to eliminate the possibility of blisters or bubbles in negatives.

Availability: immediate delivery.

Gear Checker

Rapid gear checking by means of pins and balls is claimed for a new machine (below) produced by Orlandi Gear



& Machine Co., 16229 Meyers Road, Detroit 27. Any type gear may be checked for pitch diameter, concentricity, size, tooth spacing, backlash, and parallelism at a rate of several hundred pieces per hour, according to the manufacturer.

Availability: in production.

Easy Inflation

That spare tire in the trunk can now be checked and inflated without opening the lid, says Curtis Automotive Devices, Inc., 8 Norwood Ave., Dayton 7, Ohio. It is making a device—the Curtis Spare Tire Inflator—that is installed by drilling a small hole in the car body and inserting a chrome-capped valve. A flexible hose inside the trunk connects the outside valve to the tire.

Availability: immediate delivery.

Corrosion Inhibitor

Zincilate, a one-coat protective coating for ferrous metals, is a new product of Industrial Metal Protectives, Inc., Dayton, Ohio. The material is said to provide anticorrosive and antifouling protection as a coating on pipelines, interiors and exteriors of water and gasoline tanks, machine parts, and marine installations. According to the manufacturer, materials coated with the substance exceed Army and Navy specifications for minimum corrosion resistance.

Availability: delivery beginning Mar. 15, 1947.

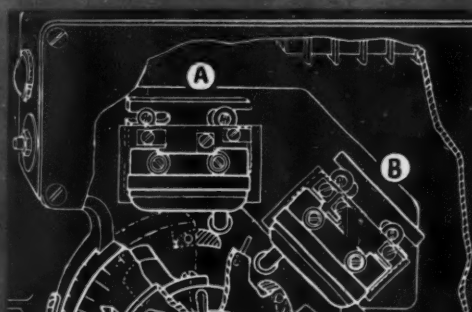
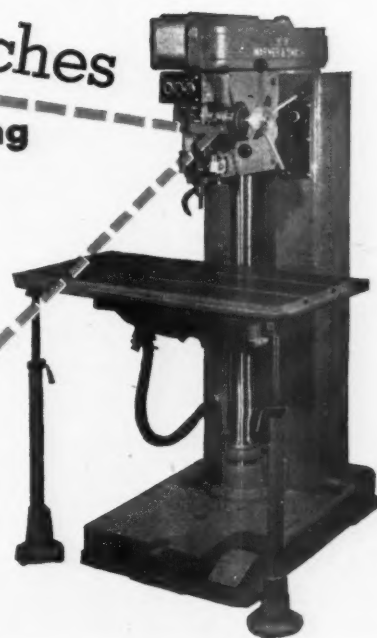
House-Wide Radio

Music in every room is the function of Reeves Soundcraft Radio, now being manufactured by Reeves Sound Studios, 10 E. 52nd St., New York City. The radio consists of a portable tuner, an amplifier, a record player, one or more speakers, antenna, and necessary wiring. The portable tuner, which is about the size of a cradle-type telephone, is the only part of the system which appears in the room. All other

MICRO Precision Switches

reverse motor at predetermined tapping
depth... shut it off at end of tapping
operation... on

**Warner & Swasey Precision
Tapping and Threading Machines**



MICRO Precision Switches (A and B) are located in housing mounted on head of the machine at right hand side. Within housing are adjustable moving cams working between the upper and lower limit switches which reverse the motor at predetermined depth and shut it off at the end of operation, after tap has left the hole.

The MICRO Switches used are equipped with a "W22" Actuator composed of a pivoted short lever of steel with roller assembly attached as illustrated at the right.



MICRO Precision Switches are a part of the high standards of precision and accuracy required of Warner & Swasey Tapping and Threading Machines. MICRO Precision Switches operate automatic features of this equipment such as reversing motor at predetermined depth and shutting it off at the end of tapping operation.

This performance must be free from trouble, accurate to the Nth degree. MICRO Precision Switches have met the stringent requirements set up by Warner & Swasey and are a standard part of this equipment.

MICRO Precision Switches are widely used as safeties, limit controls, interlocks and control switches. They are built into new equipment or in many cases are added to present equipment. You'll find them used on hundreds of varied machines.

MICRO engineers have the "Know How" gained by making millions of switches and successfully solving thousands of switching problems. Their aid is available to you in helping to solve your switching problems. Feel free to ask their help.

MICRO Precision Switches

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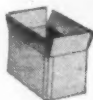
Send for your copy of "The General Box." It's free—it's packed with facts of interest to you.



General All-Bound Box



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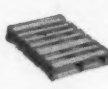
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Continental Box Company, Inc.: Houston, Dallas.

units are concealed in wall, closets, or attic.

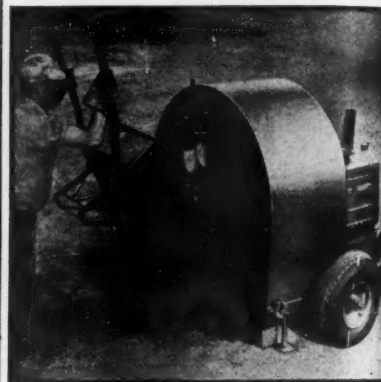
Radio programs and recordings are broadcast through all speakers, which are controlled at each location by on-off switches. The record player is operated at its location independently of the radio tuner. Rooms with speakers can be equipped with outlets to receive the plug-in jack of the tuner. Any combination of types or numbers of speakers can be installed.

Initial production provides for standard (amplitude modulation) reception, but FM (frequency modulation) will be provided later. The only conversion required will be the installation of an FM tuner.

Availability: information available through millwork dealers.

Portable Mixer

The Foote Kinetic Mixer is a portable machine for handling asphaltic mixes, sand, feeds, foods, ceramics, chemicals,



concrete, and other materials. It has a capacity of 3 cu. ft. and can turn out two batches per minute, according to its manufacturer, Foote Co., Inc., Nunda, N. Y.

The mixing action is accomplished by a revolving drum and three stationary blades. Liquid is introduced into the drum by a Yale & Towne pump at a maximum rate of eight gal. in six seconds. The pump is controlled by an automatic timer.

A 12-hp. gasoline engine powers the unit, although it can be equipped with an electric motor. An adjustable truck hitch is provided for transporting the 1,500-lb. machine.

Availability: delivery in 60 days.

Car-Door Safety Lock

Designed primarily as a safety device to prevent children from falling from moving cars, HaCAR automatic safety lock is also suggested for salesmen to insure locking of rear doors. The device is manufactured by Hackett Carlson Co., Saginaw, Mich., and distributed by Con-

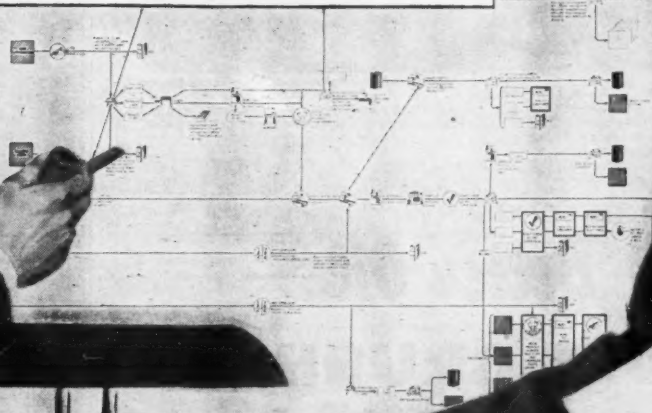
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... at The Associated Hospital Service of Philadelphia. Typical case, typical results when Standard Register integrates better records in a system for complete control.

PROCEDURE FLOW CHART



Standard Register's exclusive analysis methods save most where record systems cost most

EVEN TODAY's highly mechanized business machines are dependent, for best ultimate results, on the efficiency of their raw material... the business forms which they process. That's why so many organizations have called in Standard to "X-Ray" their record systems, with its exclusive, pre-tested procedure.

In predetermined steps—including analytical flow-charting of existing methods—Standard exposes form design that makes needless work, methods of handling or procedures in using forms that cause costly delays.

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WHERE DO SAVINGS COUNT MOST?



Not in the price of printed forms. A difference in the quality of paper, printing, carbons, etc., may mean a few hundred dollars at most.



Not even in the cost of completed records... although the cost of writing, handling and using forms is 10 to 50 times the forms' cost... savings here may run into 4 or more figures.



But in the cost of business operation, if waste, delay, inefficiency exist, SAVINGS here, through better management control, can reach almost incalculable figures!

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Removing carbon and other residue from motor after testing special lubricants.



Photographs courtesy of the Lubrizol Corporation
All laboratory equipment must be free from all foreign materials. Osborn brushes keep them clean.

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WHO ever heard of brushes making oil better? Lubrizol Corporation, which develops addition agents that improve petroleum products uses Osborn brushes in their Wickliffe laboratories for motor cleaning jobs where the condition of gears and other moving parts must be precision-exact, so that properties of specially-treated lubricants can be observed. In the chemical laboratories, Osborn Monitor wheels have proven the fastest and most efficient method for removing corrosion from copper and brass laboratory equipment. And so on through the plant.

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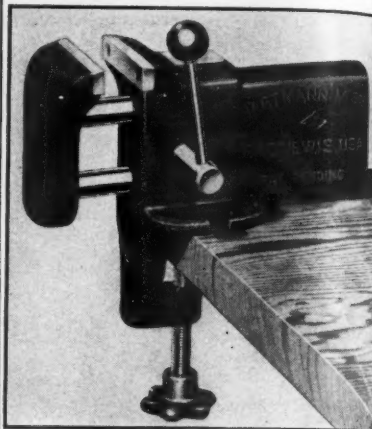
WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

solidated Sales Co., Inc., Detroit. It consists of a spring-loaded plunger which automatically locks the rear door of the automobile when the front door is closed. The device can be used only on four-door cars which have both front and rear door-latches on the same center post.

Availability: immediate delivery.

Vise Locking Device

A compression locking device eliminates the use of screws in a bench vise designed by Hartmann Mfg. Co., 1600 Junction Ave., Racine, Wis. To oper-



ate the vise, the outer jaw is slid into position with a push of the hand. The flip of a lever then locks the material to be held, at any degree of pressure.

Replaceable jaw faces and all other vital parts are hardened steel. The unit can be clamped to a bench with a hand-wheel screw, or permanently bolted.

Flame Watchman

To protect against the hazards caused by flame failure in industrial oil burners, Combustion Control Corp., 77 Broadway, Cambridge 42, Mass., is producing a new Fireye Photoelectric Flame Failure Safeguard. When Fireye sees photoelectrically that the flame has failed, it instantly turns off the fuel supply and the burner. The equipment is designed for all fully automatic oil burners.

Fireye consists of a photoelectric scanner and a device for controlling the oil pump, oil valve, and ignition system. The scanner is compact in design and can be readily installed on the burner plate, either at the time of assembly of the original burner equipment or upon installation in the field. The photoelectric system is designed to withstand relatively high temperatures and is impervious to humidity. The unit operates on 115 v. or 230 v., a.c., 60 cycle with a power consumption of 20 watts.

Availability: delivery beginning in April, 1947.

MARKETING

Retail Sales Pattern Emerges

Two important trends established last year expected to continue in 1947: Chains are gaining on the independents; durable goods stores show larger percentage rise than nondurables.

Retail sales figures for 1946, just released by the Dept. of Commerce, highlight the two important trends in retailing last year.

• First and more obvious is the greater percentage increase in the sales volume of durable goods stores versus outlets for nondurables.

• Second and equally important is the increased sales power of the chains versus the independents (BW-Jan. 25 '47, p. 55).

• **Durables on Uptrend**—The shift to durable goods has been one of the best advertised phenomena of the postwar period. Every businessman knew that the public had been starved for hard

goods all during the war, that demand was enormous. Demand is still terrific, and as production finally catches up on this year sales of durables will continue to increase.

Volume of durable goods stores last year (box below) was 64.9% higher than in 1945; this compares with the nondurables gain of 19.4%. Despite their greater rate of increase last year, durable goods stores sales are still way off compared with the prewar pattern. In 1941, durable goods stores took 28.1% of all retail sales. Last year, durables amounted to only 19.6% of the total.

• **Nondurables to Slide?**—But if durable goods stores sales go up this year, non-

BUT WHY THANK

*Pliobond** for NYLONS

...ISN'T THAT A GLUE?



Please, lady! Not glue. Pliobond is a new, all-purpose industrial bonding agent that bonds anything to anything.

And it's a big help in making more nylons faster.



This is a Verge Plate. One goes into each of the 26 sections of the Full Fashioned Legger and Footer Knitting machine shown below.



Formerly, the United Knitting Machine Co., put them together with rivets and screws. Since a Verge Plate is hit by 250 steel sinkers from 70 to 80 times per minute, the vibration broke them up pretty fast. And then the machine went out of service until the Verge Plate was replaced.

Now, however, these Verge Plates are assembled by bonding a 1/8" strip of rolled brass to a 3/16" piece of "Synthane" plastic laminate. And, since the job is done by Pliobond, the bond withstands the terrific vibration.

This is only one of the myriad jobs Pliobond is doing for industry today. We'll be glad to send you full details about Pliobond. Mail the coupon.

Pliobond is manufactured by The Goodyear Tire & Rubber Company, and is distributed exclusively by...

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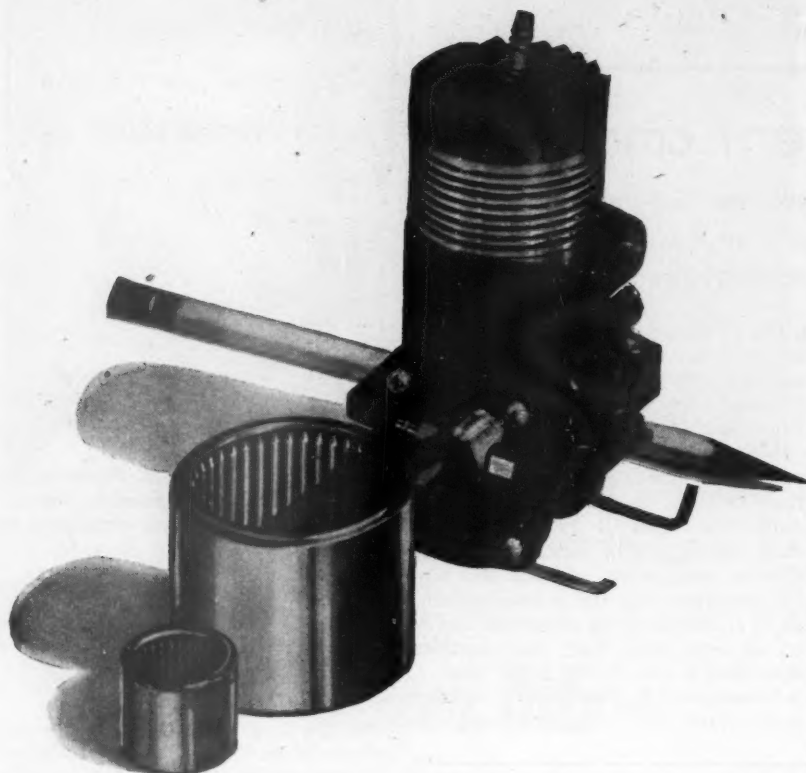
*Trademark registered, The Goodyear Tire & Rubber Co.

Retail Sales: Durables vs. Nondurables

Type of Store	1941	1942	1943	1944	1945	1946	% Increase 1946 vs. 1945
<i>(Millions of Dollars)</i>							
All retail sales.....	\$55,490	\$57,552	\$63,680	\$69,484	\$76,572	\$96,671	26.2
Durable goods stores...	15,604	9,846	9,339	9,967	11,498	18,959	64.9
Nondurable goods stores	39,886	47,706	54,341	59,517	65,074	77,712	19.4
Durable goods stores							
Automotive	8,544	2,840	2,751	2,912	3,356	6,843	103.9
Building materials and hardware	3,862	3,799	3,366	3,620	4,182	6,172	47.6
Home furnishings	2,611	2,454	2,258	2,453	2,889	4,705	62.8
Jewelry	587	753	964	982	1,071	1,239	15.7
Nondurable goods stores							
Food	12,576	15,755	17,450	18,989	20,192	24,411	20.9
Eating-drinking	4,796	6,173	8,034	9,351	10,899	12,063	11.6
Apparel	4,157	5,193	6,323	6,869	7,685	9,028	17.5
Filling stations	3,454	3,021	2,453	2,603	3,016	3,777	25.2
Drugstores	1,821	2,185	2,588	2,811	3,023	3,571	18.1
General merchandise	7,931	9,015	9,977	10,854	11,614	14,581	25.5
Other retail stores....	5,151	6,364	7,516	8,040	8,735	10,281	23.9

Chains vs. Independents

Type of Store	Independent Stores			Chain & Mail-order Stores		
	1945	1946	% Increase 1946 vs. 1945	1945	1946	% Increase 1946 vs. 1945
<i>(Millions of Dollars)</i>						
All retail sales.....	\$60,276	\$75,687	25.6	\$16,396	\$20,984	28.7
Durable goods stores....	10,033	16,796	67.4	1,465	2,163	47.6
Nondurable goods stores.	50,243	58,891	17.2	14,831	18,821	26.9
Durable goods stores						
Automotive	2,985	6,212	108.1	371	631	70.0
Building materials and hardware	3,507	5,310	51.4	675	862	27.7
Home furnishings	2,596	4,204	61.9	293	501	71.0
Jewelry	945	1,070	13.2	126	169	34.1
Nondurable goods stores						
Food	14,478	16,991	17.4	5,714	7,420	29.9
Eating-drinking	10,278	11,467	11.6	531	596	12.2
Apparel	5,472	6,435	17.6	2,213	2,593	17.2
Filling stations	2,799	3,500	25.0	217	277	27.6
Drugstores	2,319	2,741	18.2	704	830	17.9
General merchandise	7,221	8,747	21.1	4,393	5,834	32.8
Other retail stores.....	7,676	9,010	17.4	1,059	1,271	20.0



Compact design...

can streamline appearance, increase operating efficiency, cut costs of material, handling and shipping. Your product may benefit by a product-design improvement which

Saves space and weight...

Through the use of Torrington Needle Bearings you gain many advantages. In addition to compact design, Needle Bearings have high unit capacity; have low co-efficient of friction; are efficiently designed for lubrication; are easy to handle and install; and are not only low in initial cost but promote many other economies in production and in service.

Just write us, outlining your problem and we'll be glad to work with you in selecting the right type for your requirements.

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durables will go down—since the percentage of disposable income given over to retail sales is now back to the prewar relationship (BW—Jan. 4 '47, p. 20). Thus, if 1947 sales equal those of 1946, there will be a margin of \$8.2 billion for durables to take from nondurables.

On the other hand, suppose total sales were to rise by \$12 billion; nondurables could remain at the same level that they were last year, even with the prewar durable-nondurable ratio restored. Department store sales figures for 1947, which are much more up to date than other retail sales figures, tend to put a damper on the possibility of such a rise in total sales (BW—Feb. 15 '47, p. 15).

• **Auto Group Lags**—Despite the fact that their percentage gain last year was the highest of all groups, automobile dealers and accessories stores are still the great retail delinquents. They are the only major group with lower dollar volume in 1946 than in 1941. This becomes even more impressive in the light of the price increase that took place over the same period.

Jewelry stores, which were hit sharply by the stock market slump during the latter part of the year, scored the lowest percentage gain in the durable group.

Foods and general merchandise continued to lead the nondurables. While eating-drinking establishments registered an increase in sales, their rate of gain fell off sharply compared with the war years. Filling stations made a big percentage gain. This was to be expected in view of unlimited gasoline supplies which brought about much more every day driving as well as far more extensive use of cars for vacations.

• **Independents Gain**—The gains of the chains and mail-order houses at the expense of the independents were scored almost entirely in the nondurable goods field. For one thing, the chains are much more solidly entrenched in these lines; for another, the sellers' market was much stronger in the durable goods lines. The latter factor always works out to the advantage of the independents.

The chains and mail-order houses made their greatest inroads into the independents in the food and general merchandise lines, which account for 50% of all nondurable goods volume and 40% of all retail sales.

In the durable field, the chains managed to do better in the jewelry and home furnishings lines. But the real volume in durable goods goes to the automotive and building materials and hardware lines.

• **Prediction**—The fight between the chains and the independents will undoubtedly get much more intense this year as merchandise gets more plentiful and buyers get more choosy. The em-

STANDARD LYON PRODUCTS



LOCKERS



KITCHEN CABINETS



ADJUSTABLE
SHELVING



BENCHES



FILING CABINETS



GRAVITY CONVEYORS



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**LYON will make
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2. We will manufacture to your specifications: Assemblies, Sub-Assemblies or Parts, in gauges No. 8 and lighter up to No. 30; in Lyon production run quantities.

Get in touch with your Lyon dealer—or closest Lyon District Office.

LYON METAL PRODUCTS, INCORPORATED
General Offices 310 Monroe Avenue, Aurora, Illinois
Branches and Dealers in all Principal Cities

CONTRACT PRODUCTION OF SHEET STEEL ITEMS

(GAUGES FROM 8 TO 30)



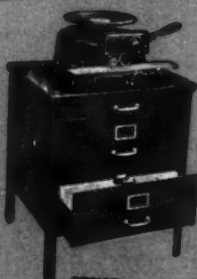
ELECTRICAL
CONTROL UNITS



HOME
APPLIANCE STANDS



SPECIAL PARTS



OFFICE
EQUIPMENT STANDS



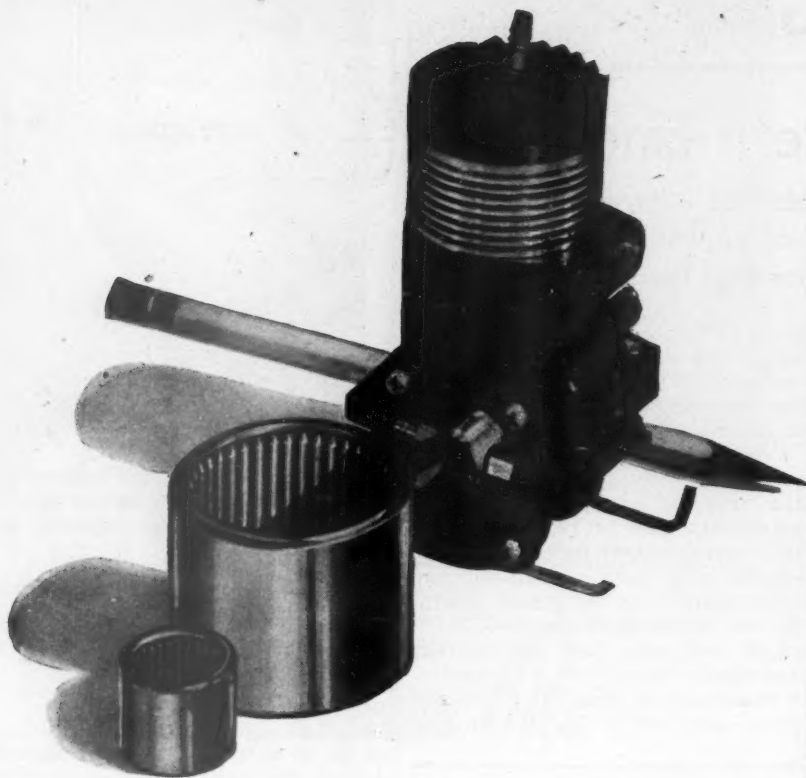
TESTING CABINETS



WILLARD
STORAGE BATTERY RACKS



WATER COOLER
CONTAINERS



Compact design...

can streamline appearance, increase operating efficiency, cut costs of material, handling and shipping. Your product may benefit by a product-design improvement which

Saves space and weight...

Through the use of Torrington Needle Bearings you gain many advantages. In addition to compact design, Needle Bearings have high unit capacity; have low coefficient of friction; are efficiently designed for lubrication; are easy to handle and install; and are not only low in initial cost but promote many other economies in production and in service.

Just write us, outlining your problem and we'll be glad to work with you in selecting the right type for your requirements.

THE TORRINGTON COMPANY

TORRINGTON, CONN.

SOUTH BEND 21, IND.

Offices in All Principal Cities

TORRINGTON BEARINGS

• NEEDLE • SPHERICAL ROLLER • STRAIGHT ROLLER • TAPERED ROLLER • BALL •

durables will go down—since the percentage of disposable income given over to retail sales is now back to the prewar relationship (BW—Jan. 4 '47, p. 20). Thus, if 1947 sales equal those of 1946, there will be a margin of \$8.2 billion for durables to take from nondurables.

On the other hand, suppose total sales were to rise by \$12 billion; nondurables could remain at the same level that they were last year, even with the prewar durable-nondurable ratio restored. Department store sales figures for 1947, which are much more up to date than other retail sales figures, tend to put a damper on the possibility of such a rise in total sales (BW—Feb. 1 '47, p. 15).

• **Auto Group Lags**—Despite the fact that their percentage gain last year was the highest of all groups, automobile dealers and accessories stores are still the great retail delinquents. They are the only major group with lower dollar volume in 1946 than in 1941. This becomes even more impressive in the light of the price increase that took place over the same period.

Jewelry stores, which were hit sharply by the stock market slump during the latter part of the year, scored the lowest percentage gain in the durable group.

Foods and general merchandise continued to lead the nondurables. While eating-drinking establishments registered an increase in sales, their rate of gain fell off sharply compared with the war years. Filling stations made a big percentage gain. This was to be expected in view of unlimited gasoline supplies which brought about much more every day driving as well as far more extensive use of cars for vacations.

• **Independents Gain**—The gains of the chains and mail-order houses at the expense of the independents were scored almost entirely in the nondurable goods field. For one thing, the chains are much more solidly entrenched in these lines; for another, the sellers' market was much stronger in the durable goods lines. The latter factor always works out to the advantage of the independents.

The chains and mail-order houses made their greatest inroads into the independents in the food and general merchandise lines, which account for 50% of all nondurable goods volume and 40% of all retail sales.

In the durable field, the chains managed to do better in the jewelry and home furnishings lines. But the real volume in durable goods goes to the automotive and building materials and hardware lines.

• **Prediction**—The fight between the chains and the independents will undoubtedly get much more intense this year as merchandise gets more plentiful and buyers get more choosy. The en-

STANDARD LYON PRODUCTS



LOCKERS



KITCHEN CABINETS



ADJUSTABLE SHELVING



BENCHES



FILING CABINETS



GRAVITY CONVEYORS



**YOU FURNISH
THE STEEL...**
**LYON will make
the product...**

Here are two ways Lyon's modern sheet steel fabricating facilities and ample skilled manpower have helped many companies—and can help you if you have steel on hand, or available.

1. To complete your plant expansion or conversion program, we will accept your sheet steel (12 to 24 gauge and certain sizes of band steel) and supply you pound for pound with any selection of "Lyon Standard Products" currently in production, a few of which are: *Steel Shelving, Lockers, Gravity Conveyors, Shop Equipment, Kitchen Cabinets, and Filing Cabinets.*

2. We will manufacture to your specifications: Assemblies, Sub-Assemblies or Parts, in gauges No. 8 and lighter up to No. 30; in Lyon production run quantities. Get in touch with your Lyon dealer—or closest Lyon District Office.

LYON METAL PRODUCTS, INCORPORATED
General Offices 310 Monroe Avenue, Aurora, Illinois
Branches and Dealers in all Principal Cities

CONTRACT PRODUCTION OF SHEET STEEL ITEMS

(GAUGES FROM 8 TO 30)



ELECTRICAL CONTROL UNITS



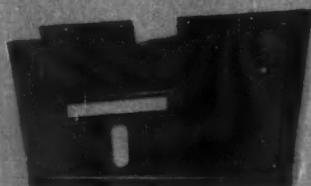
HOME APPLIANCE STANDS



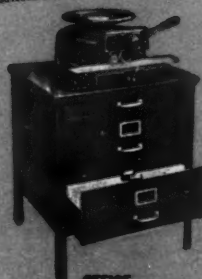
STORAGE BATTERY RACKS



WATER COOLER CONTAINERS



SPECIAL PARTS



OFFICE EQUIPMENT STANDS



TESTING CABINETS

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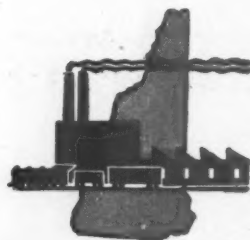
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Picture of
an Efficiency
Expert...

In addition to advantages of environment, small and medium-sized plants in New Hampshire benefit from low power rates, excellent transportation, nearness to mass markets and an alert highway patrol system which keeps roads open every day in the year.



NEW HAMPSHIRE

"Where there's a Plus in every pay envelope"

phases will bear increasingly on cutting costs both by bulk buying and by more efficient methods of distribution. In food stores, there will be increasing emphasis on self-service units.

But many marketing experts are sure that the basic patterns in 1947 will remain what they were last year; the consumer will buy durables at the expense of nondurables, and the chains will cut into the independents.

A housewife's shopping-memo pad that plugs advertised brands right in her kitchen will soon be on the market. The device, designed for free distribution to shoppers, is a neat plastic box containing a printed tablet. Through

[illegible]

"windows" on the cover, 140 common household needs are itemized. The shopper checks the ones she wants in the space allotted, rips out the sheet. Freed of the cover, the page (picture above) shows opposite each item a name to nudge her into buying not just butter but a brand.

Plas-Text Corp., of 2525 Military Ave., Los Angeles 25, thought up the Mark-I Memo. The advertiser will pay about 1/20¢ a pad for a listing, based on a guaranteed circulation.

Next July a group of national retail trade associations will stage the first annual Store Modernization Show in New York. By means of exhibits and trade problem clinics, they hope to spur retail merchants on in their long-delayed postwar expansion and modernization programs (BW—Mar. 23'46,p80).

BUSINESS WEEK • Feb. 22, 1941

asked what women wanted, and didn't want, in store equipment and services. Effective interior displays are the most important prerequisite of a modern store, in the opinion of 72% of those surveyed. Modern lighting came second, with 48% of the vote, and periodic redecoration was third with 44%. Spaciousness achieved through wider aisles was considered essential by 38%; 17% demanded a more rapid charge system.

Among modern features which the women's page editors found most often lacking, elevators and escalators ranked first, with 55% of the votes. Both better lighting and faster charge systems were found absent by 34.5%; lack of courtesies in sales clerks was cited by 24%.

Bantam Books Sells Ads, Tries Out Higher Price

Every segment of the publishing business is hard hit these days by high costs of printing and paper. But to the 35¢ reprint book trade, squeezed under the flat retail price on which it built the business, the blow is of knockout proportions. Hence everybody in the business is watching the twin experiments of Bantam Books, Inc., a comparative newcomer (BW—Jan. 12 '46, '48), in selling advertising and raising its price.

First Ad—Bantam's advertiser is one of its parent companies, Book of the Month Club, Inc. The club bought three-page space in the back of part of Bantam's edition of "A Tree Grows in Brooklyn." Book-of-the-Month's count of its return postcards—the test of this new advertising medium—will probably take longer than the usual count on magazine advertising returns; 25¢ books have a somewhat longer news stand life than magazines.

Bantam's other experiment—selling its books at 35¢—is being tried in two cities: Wilmington, Del., and Columbus, Ohio. Other firms are also toying with this one. Avon Pocket-Size Book Co. recently raised its digest-size Short Story monthly from 25¢ to 35¢. Pocket Books, Inc., is experimenting in Canada with a 35¢ price on six of its extra-thick titles. These are sold on separate racks from other Pocket Books and are designated, "Pocket Book Specials."

The Way Out?—If these ventures prove successful, most reprint houses will quickly copy them. They have already done about all they can do to cut costs by such devices as using lower quality paper. A few of the less popular series have already disappeared from news stands because they were no longer profitable. The companies that survive into normal peacetime competition are likely to find it a nip-and-tuck business.



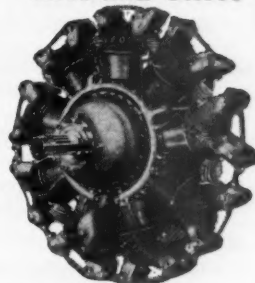
widening airline horizons

Continental Motors, first and foremost builder of engines for personal aircraft, is helping today to widen the horizons of commercial air transport, too. Efficient new planes powered by Continental radials in the medium-power range are extending feeder line service to thousands of potential users remote from main air lines, or between main stops. The R9A and the GR9A are designed and manufactured for economical, reliable performance in feeder and executive type planes. They develop extra power for take-off without sacrifice of cruising performance, and in spite of a favorable power-to-weight ratio, they have the inherent stamina for frequent take-offs at full power. They're giving an excellent account of themselves in this fast-expanding new field, because, like all Continental engines, they're BUILT FOR THE JOB.

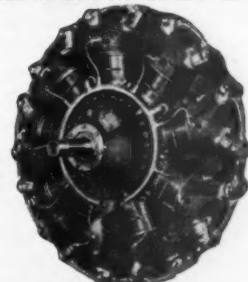
Continental Motors Corporation
MUSKEGON, MICHIGAN



CONTINENTAL R9A and GR9A



THE R9A. This engine of 971.9 cubic inch displacement develops its rated 525 horsepower at 2300 r.p.m., with 25 additional take-off h.p.



THE GR9A. Weighing only 1,075 lbs. per take-off h.p. this geared engine develops 600 h.p. at 2600 r.p.m. with a prop speed of 1563 r.p.m.

45 YEARS' SPECIALIZED EXPERIENCE BUILDING ENGINES FOR TRANSPORTATION, INDUSTRY, AVIATION AND THE FARM



FOR THE FARM FOR TRANSPORTATION FOR THE OIL FIELD FOR INDUSTRY

PROFITS



Columbia, South Carolina offers unusual advantages to industries seeking higher profits on capital invested.

CONSTRUCTION—Construction and operating costs are consistently low. Several factors are responsible: Columbia's close proximity to abundant building materials (sand, brick, stone, lumber); her year-round mild climate; plus a large supply of native-born workers with a reputation for loyalty and low job turnover.

STRATEGIC LOCATION—Columbia's strategic location, on rail, highway and air outlets, assures prompt dispatch of your products and a dependable flow of raw materials.

Call on us now, without obligation, for help in locating sites, developing building plans, conducting preliminary studies or for any other information or assistance. We'll continue working for your best interests long after you locate in Columbia.

• Write, wire or telephone to:

INDUSTRIAL SERVICE BUREAU

Dept. B P. O. Box 1405
Liberty Life Building
Columbia, S. C.
Telephone 4-1026

COLUMBIA

SOUTH CAROLINA

Links in a Chain

A. & P. courts consumers with some merchandising changes. Among them: informative labels, new supermarkets, better ads.

Although the Great Atlantic & Pacific Tea Co. is characteristically mum about its plans, it shows unmistakable signs of aggressive postwar promotion.

• **Chains vs. Independents**—Most food chains are now regaining the business they lost during the war to independent retailers (BW—Jan. 25 '47, p. 55). They are now busily devising new sources of business, opening new and newly remodeled stores for more sales volume and more efficient operation, and trying to find ways to present their story favorably to consumers.

Because of A. & P.'s size, its efforts are attracting a lot of attention. Here are some recent moves the chain has made:

• **Labeling**—Last month A. & P. resumed what it calls "informative grade labeling" on its private brands of canned food. Henceforth its principal brands (A. & P. and Ann Page, Sultana, and Iona) will be graded A, B, and C respectively. This grading is in accordance with standards set by the U. S.

Dept. of Agriculture for size, appearance, uniformity, flavor, color, and other characteristics.

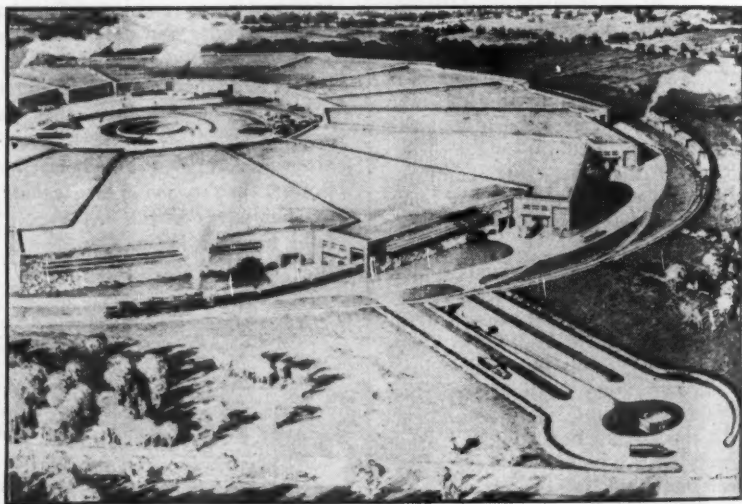
The labels also carry what the food trade commonly calls "descriptive" labeling. It specifies the can size, net contents, number of servings, and the other grades in which the product is available.

A. & P. calls this policy an extension of its grade-labeling program, begun 13 years ago, but interrupted by the wartime scarcity of canned foods. But in the trade it was widely interpreted as a bold bid for consumer preference which currently swings toward nationally advertised brands.

• **Ice Cream and Candy**—In Milwaukee, A. & P. is experimenting with its own "Holly Carter" brand of ice cream at 35¢ a pint—3¢ less than nationally advertised brands in that area. To encourage housewives to think of ice cream as a staple dessert, the chain provides insulated bags and dry ice to keep it frozen for several hours.

A. & P. is rapidly extending distribution of its new Holly Carter brand of boxed chocolates and similar candies. The candy is claimed to be of better quality than that usually sold by chains of specialty stores, and to cost 10% to 15% less.

• **New Supermarkets**—New and modernized A. & P. supermarkets are blossoming out all over. Typically they in-



AND IT COMES OUT HERE, AND HERE, AND HERE

For complex warehouse problems Cleveland's H. K. Ferguson Co. has developed a unique solution—a circular structure. Planned for a midwest mail-order house, it provides 1,000,000 sq. ft. of floor space, cuts floor movement 75%. The warehouse will resemble a giant ratchet gear. Openings in the sawtooth exterior will admit freight cars from a circle of track to the building's 16 segments. Trucks will load and unload alongside railroad openings, or go by tunnel to docks in the center.

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clude, besides the usual chain store departments, special sections devoted to refrigerated produce (BW-Oct.20'45, p93), dairy products, frozen foods (BW-Aug.24'46,p57), Ann Parker bake shops (BW-Aug.18'45,p86), and Holly Carter candy counters.

• Ads—Since last fall, A. & P. newspaper advertising has undergone a face-lifting. The familiar, closely set Gothic type has been tossed out. In its place are spacious layouts, varied and graceful type faces, and eye-catching line drawings.

Newest feature is a chatty column headed "Marketing with Marjorie." It talks about foods to be had in A. & P. stores, and suggests new ways of using them.

Like other current A. & P. innovations, these departures in advertising technique are obviously intended to sell housewives on A. & P. prestige as well as on A. & P. bargains.

AUTO MARKET RESEARCH

The return of competition in the automobile industry has renewed emphasis on improved marketing techniques. Chevrolet, for example, is expanding its newly combined market analysis-research and quality-dealer departments. Their activities, after a wartime curtailment, are being built up to levels greater than prewar.

Staff people in these departments, now headed by E. J. Leonard, a long-time General Motors sales and research official, work at the company's main offices in Detroit. Like market research agencies everywhere, important use is made of data published by government and other research agencies. In addition, considerable local information filters in through the company's widespread dealer organization.

P. S.

Traveltime is a new 15¢ monthly magazine edited to give the inexperienced traveler information on where to go, what it costs, what to wear. Its one-time, one-page advertising rate is \$500.

N. W. Ayer & Son, Inc., whose 1947 directory will be published next month, reports that circulation of daily newspapers last year reached 50,751,000—nearly 2,000,000 more than in 1945.

Cannon Mills, which last month aroused the retail dry goods trade by adopting net terms (BW-Feb.1'47, p48), this week restored its former 3% cash discount; but it also rescinded the 3% price cut it had instituted along with net terms.

Conlon Corp. and Moore Corp. will merge into Conlon-Moore Corp. to provide their dealers with a diversified line. Conlon makes household washers and ironers; Moore makes cooking and heating appliances.



CAUTION: Don't Rub Aladdin's Lamp the Wrong Way

Not all motorized machines work better just because electron tubes are added to the motor control circuit. Despite the amazing things these modern Aladdin's lamps can do, if they are to be correctly and successfully applied, they must be engineered into place . . . into their proper place . . . by engineers who know not only electronics but motor control as well. Electronic motor control is still motor control . . . and you can measure the success of such electronic control equipment by the experience that produced it.

That is why Cutler-Hammer electronic motor control has been so extraordinarily successful. Ever the leaders in motor control, the world's largest builders of motor control, as early as 1916 Cutler-Hammer engineers worked out some of the basic electronic control circuits and the original designs for some of today's most widely used industrial tubes. Such is the experience of the builders of control which proved itself again and again during the war when results and records alone resulted in re-orders. To be sure you don't rub Aladdin's lamp the wrong way, insist on Cutler-Hammer engineered electronic motor control. CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto, Ont.



Burroughs is a BW advertiser is a BW

BUSINESS WEEK

GO—MACHINES

AMERICAN CALCULATING SERVICE. Check your calculations in just minutes with the new American Burroughs Electronic Calculator.

1st Burroughs
IN MACHINES
IN COURSES
IN SERVICE

AMERICAN CALCULATING SERVICE • NATIONAL

BW advertiser is a BW advertiser is a BW adv

READER: "Hmm—Burroughs must be one of their oldest advertisers—I've seen Burroughs' ads in Business Week for 15 years or so... that reminds me, we'll be needing some new accounting equipment soon..."

*"It's Sixteen Years...
and here's why!"*

Year after year, business goods advertisers have found that advertising dollars produce better results when spent in Business Week... the magazine directed exclusively to Management-men. And that's why, in the "OFFICE FURNISHINGS AND SUPPLIES" classification, Business Week carried in 1946—

*(a) More pages of advertising than the next 3 general-business magazines combined.

NATIONAL BUSINESS MAGAZINES

	Pages
Business Week	311
Magazine B	136
Magazine C	85
Magazine D	40

*(b) More pages of advertising than any magazine, of any kind.

GENERAL NEWS WEEKLIES

	Pages
Business Week	311
Magazine B	242
Magazine C	203
Magazine D	166

BUSINESS WEEK ALSO LED IN ALL BUSINESS ADVERTISING!

Not only in the "Office Furnishings and Supplies" classification, but in **ALL** business goods advertising for 1946, Business Week was the first choice of advertising men in national business magazines or news-weeklies... *more pages than any of them!*

*Based on Publishers' Information Bureau analysis of 1946 advertising.



NOT ONLY BURROUGHS!

Other advertisers in the "Office Furnishings and Supplies" classification who have been with Business Week for 15 years or more, include:

Addressograph-Multigraph Corp.
Thomas A. Edison, Inc.
Felt & Tarrant Mfg. Co.
International Business Machines
Remington Rand, Inc.

Advertisers of business goods *continue* to advertise in Business Week, because they know:

**WHEREVER YOU FIND IT, YOU FIND A
MANAGEMENT-MAN... WELL INFORMED**



Design and production engineers in the metal fabrication industries, find in electric welded tubing a rare combination of desirable physical characteristics. For in such tubing, all-round strength and rigidity go hand-in-hand with light weight, easy fabricating qualities, and low cost.

Less tangible, perhaps, but often more important, is the "eye-value" of tubing—the value which, through eye-appeal, creates preference, appreciation and desire to buy.

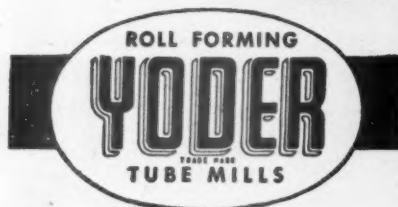
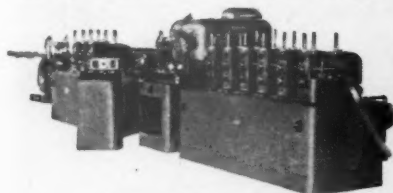
To "eye-value" of tubing you may also add easy cleanability and absence of sharp edges and corners.

The simplest, fastest and most economical method of making most types of tubing is offered by Yoder highly standardized machines for cold-roll-forming, seaming, and/or resistance-welding, from coiled strip. Such a Yoder production line may also include high-speed Yoder equipment for automatic coiling, slitting, edge-trimming, straightening, curving, and cutting-off.

Literature, cost estimates and recommendations cheerfully furnished.

THE YODER COMPANY

5530 Walworth Avenue • Cleveland 2, Ohio



RAILROADS

Diesel Power Gets a Boost

Several major roads embark on studies of complete conversion to these locomotives. G.M.'s diesel-making division predicts big gains, particularly on western through trains.

The rapid strides diesel power is making on the rails was underlined in three recent statements by General Motors' Electro-Motive Division:

- Ten Class I railroads have asked the division to cooperate in studies of complete dieselization of their lines.

- All through passenger trains between Chicago and the Pacific Coast would be dieselized this year, Electro-Motive executives predicted.

- What's more, they pointed out, the New York Central and the Pennsylvania already have enough diesel units on order to haul all their first-class through trains between New York and Chicago and St. Louis.

- **Savings**—Electro-Motive says the complete-dieselization studies are confidential (railroad officers often determine approximate savings before they approach their directors with purchase proposals). But it's an open secret that the Monon Route is one of the roads involved.

A preliminary estimate of the economies that could be effected on this line through all-diesel operation indicated a 48% saving in fuel costs and a 60% reduction in locomotive repair bills. There would be secondary reductions from elimination of ash and water handling and from expected cuts in maintenance-of-way and roundhouse costs.

- **Customers**—Mainline units made by Electro-Motive are handling approximately 20% of the passenger train mile-

age and 12% of gross ton-miles of freight on Class I lines (BW—Jul. 28 '45, p55). It might be a safe assumption that the division has been asked by some of its old customers to collaborate in studies for complete dieselization.

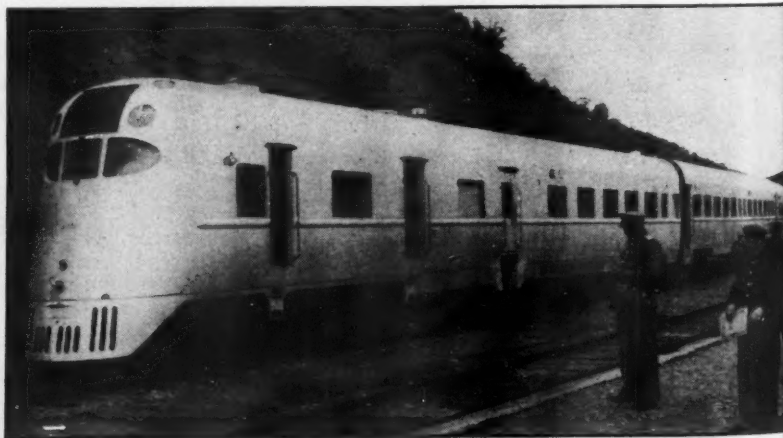
The Burlington has been a heavy buyer of G.M. locomotives since the diesel-drawn Pioneer Zephyr made its history-making run in 1934 between Chicago and Denver. It still has steam power, but railroaders will be surprised if it invests in any more steam engines.

Sante Fe, with the largest fleet of diesels of any railroad, is steadily adding to its pool. Most of its diesels are Electro-Motive. Last year it ordered six 6,000-hp. passenger locomotives from American Locomotive. Recently, however, it bought six of Electro-Motive's new F-3 locomotives which can be used in freight or passenger service.

Union Pacific may or may not be headed toward full dieselization, but in December it placed the biggest diesel order in railroad history with Electro-Motive, American Locomotive, and Fairbanks-Morse. It called for 64 freight passenger, and switching locomotives.

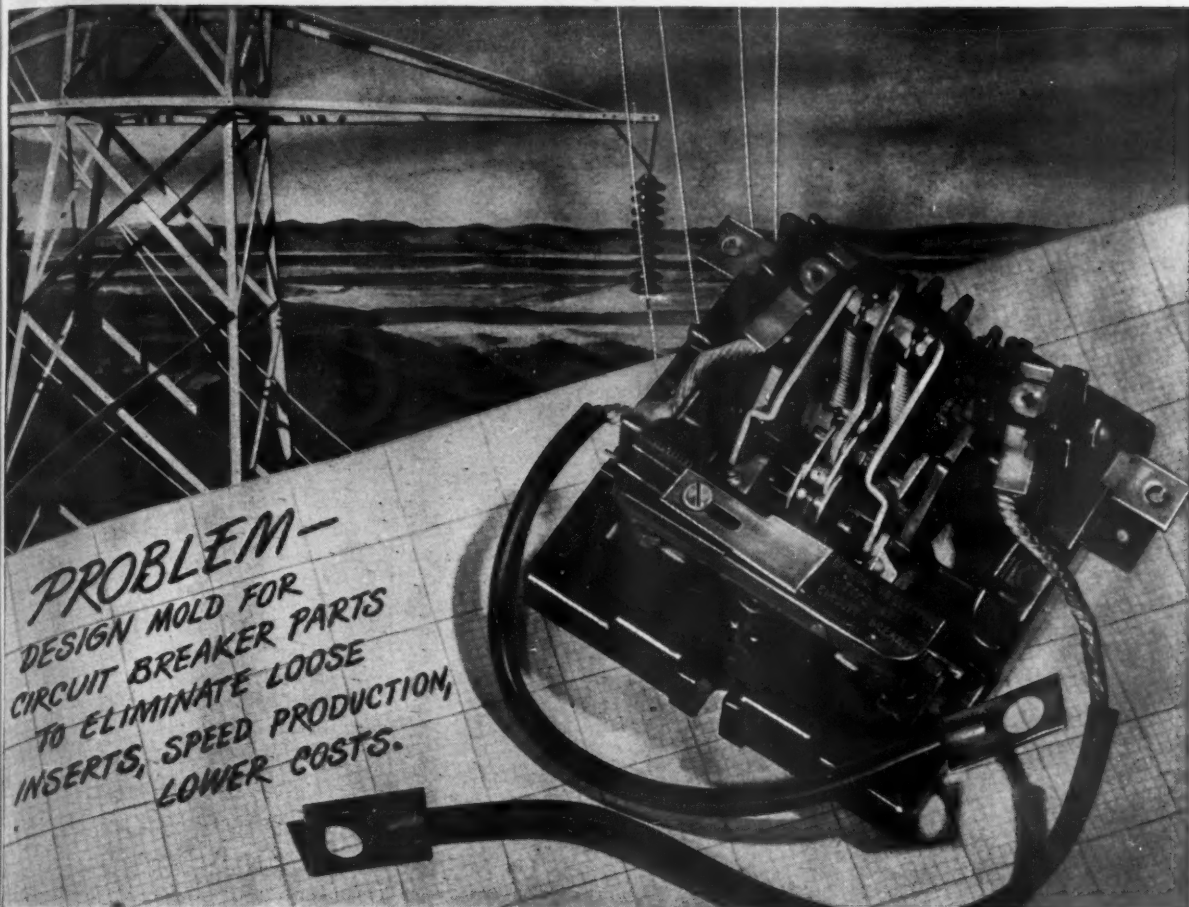
- **Other Roads Consider**—It will be a long time, if ever, before the coal-carrying Pennsy can be counted a candidate for complete dieselization. Nevertheless, the line's big order for 25 diesels from several manufacturers was considered significant in diesel progress.

The management of at least one rail-



Diesel-powered locomotives, gaining ground in the U. S., cover lots of Russian territory, too—witness this streamliner on the Sochi-Kislovodsk run.

ENGINEERED AND MOLDED AT NO. 1 PLASTICS AVENUE



Power gets a break from plastics

• Circuit breakers—watchdogs of the power lines—are now made faster and more efficiently, thanks to General Electric plastics engineering. G-E designers developed new and unique molds for major circuit breaker parts, eliminating the need for loose wedges to create necessary cross holes and projections. Results? Circuit breaker production speeded and costs reduced.

Whether you make compacts or machinery, when you think of plastics, think

of General Electric—the world's largest manufacturer of finished plastics products. General Electric's *complete* plastics service is equipped to carry your job through from drawing board to delivery platform. G. E. works with *all* types of plastics. It can recommend, without bias, the best one for your particular requirements.

For more information, write Plastics Division, Chemical Department, 1 Plastics Avenue, Pittsfield, Mass.

GENERAL  ELECTRIC

GD 47-830

GENERAL ELECTRIC PLASTICS FACTORIES ARE LOCATED AT SCRANTON, PA., MERIDEN, CONN., COBHOCTON, OHIO . . . FORT WAYNE, IND. . . TAUNTON AND PITTSFIELD, MASS.

G-E Complete Service— Everything in Plastics

BACKED BY 52 YEARS OF EXPERIENCE. We've been designing and manufacturing plastics products ever since 1894. G-E research works continually to develop new materials, new processes, new applications.

NO. 1 PLASTICS AVENUE—complete plastics service—engineering, design and mold-making. Our own industrial designers and engineers, working together, create plastics parts that are both scientifically sound and good-looking. Our own toolrooms are manned by skilled craftsmen—average precision mold experience, 12 years.

ALL TYPES OF PLASTICS. Facilities for compression, injection, transfer and cold molding . . . for both high and low pressure laminating . . . for fabricating. And G-E Quality Control—a byword in industry—means as many as 160 inspections and analyses for a single plastic part.



...to executives of closely-held corporations

The Advantages of Establishing a New York Market for a Stock

One of the most important factors in making the shares of a corporation attractive to investors is a market for the stock in New York—by far the broadest market for securities in the United States. Among the advantages of such a market for a company's securities are:

- (1) It helps to establish a credit position in the market for capital funds; the groundwork is laid for future financing and necessary valuations in connection with mergers and consolidations;
- (2) It facilitates the future distribution of securities theretofore closely held and of securities which must be disposed of in connection with the administration of estates or trusts, or for other reasons;
- (3) It identifies the company and its products in the minds of thousands of investors. Public interest in the affairs of a successful company whose stock has a market in New York leads newspapers, financial publications, brokers, and investment houses to make themselves familiar with the business of the company, its products, its management, and its history. The accepted security manuals also list financial information pertinent to corporations for whose stock a wide market has been established.

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and the New York Capital Market." (Copyright 1946.)*

Our partners are always available for a discussion of the practical steps to be taken in broadening the market for a corporation's securities.

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NEW YORK BOSTON PHILADELPHIA CHICAGO

road—the Central of New Jersey—had its inclination toward diesel power sharpened by the coal strike. William Wyer, president, made this fact clear when he announced the road's intention to get away from its dependence on coal as fuel.

• **What the Roads Like**—Diesel makers say that railroad management has been sold, over the years, on the high availability (between 92% and 98%) of diesel-electric locomotives; their good "on time" record; and the substantial decrease (about 50%) in operating and maintenance costs.

It is in the elimination of costly auxiliary services—ash removal, water storage, and roundhouse facilities—that the advantage of complete dieselization suggests itself. Management usually starts thinking in this direction after an entire division has been shifted to diesel power.

Fairbanks-Morse & Co. (BW—May 11'46,p22) recently made a preliminary study for a "typical" 1,400-mile railroad on the advantages of complete dieselization. This road had 262 steam engines and no diesel power except 20-odd units in switching service. Fairbanks-Morse estimated that the line could get back an original investment of \$18,900,000 in six years by savings in maintenance and upkeep.

CHICAGO-HOUSTON TRAIN

Travelers between Chicago and Houston, Tex., may look forward to new de luxe train service within the next few months. The Santa Fe plans to install a "Texas Chief" on this run—a lightweight, diesel-drawn, all-room train—as soon as it can obtain delivery of enough new equipment, now on order.

Officials of the road are tight-lipped about the time schedule to be assigned to the new train. However, it is expected to equal or improve on the stepped-up schedules promised early last fall on several other Santa Fe runs—also contingent on new equipment.

With the advent of a Texas Chief, railroaders would not be surprised if the Rock Island stepped out with new "Rocket" service between Chicago and Houston. At present, Rock Island customers have to change trains twice (at Kansas City and Dallas) between the two cities.

The Rock Island and Southern Pacific are expected to give the Santa Fe some keen Chicago-West Coast competition, too, once they get delivery on new equipment. The Rock Island, for example, announced that a new luxury streamliner, the Golden Rocket, would be placed in service late this summer. It will be an extra fare train with a 39½-hr. schedule between Chicago and Los Angeles.



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Truck owners will operate them—drivers will drive them—with greater pride than ever before.

They're the new KB Models of International Trucks—outstanding products of advanced design, engineering and research—newly styled with flowing lines sharply accented by gleaming chrome, and with 95 features and improvements variously incorporated throughout 15 basic models.

And fully qualified to do their jobs with new economy, new ease of operation, and the rugged stamina for which Internationals are famous!

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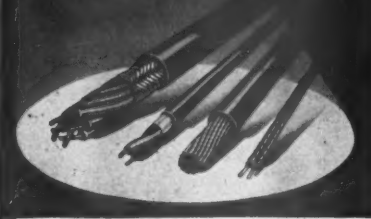


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Chances are there are one or more PLASTICON cord sets in your home or office...identified by the letters PWC molded on the plug of your new radio, lamp, shaver or other electrical appliance. Note the brilliant, permanent color and lasting high-gloss finish of the cord's PLASTICON insulation. See how easy it is kept clean with a swish of a damp cloth. Non-fraying, non-rotting, non-cracking, the PLASTICON cord set will give you far better and longer service than any old-fashioned cord you've ever had.

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FINANCE (THE MARKETS—PAGE 102)

Frozen Food Squeeze

Sizable amounts of products becoming inedible in storage. They must be sold at price cut, or dumped. The industry and its bankers wonder who is going to bear the brunt of loss.

The question troubling the frozen food industry and its banks is: Who is going to hold the bag?

The bag contains two principal elements:

- A large quantity of frozen fruits and vegetables—some estimates run as high as 100,000,000 lb.—that are inedible and must be either dumped or, in the case of fruits, sold at a fraction of cost for conversion of their sugar into alcohol.

- An unestimated quantity of food packed for home consumption but so inferior in quality that it probably will have to be repackaged and sold at a loss to commercial users.

Possible bag holders are:

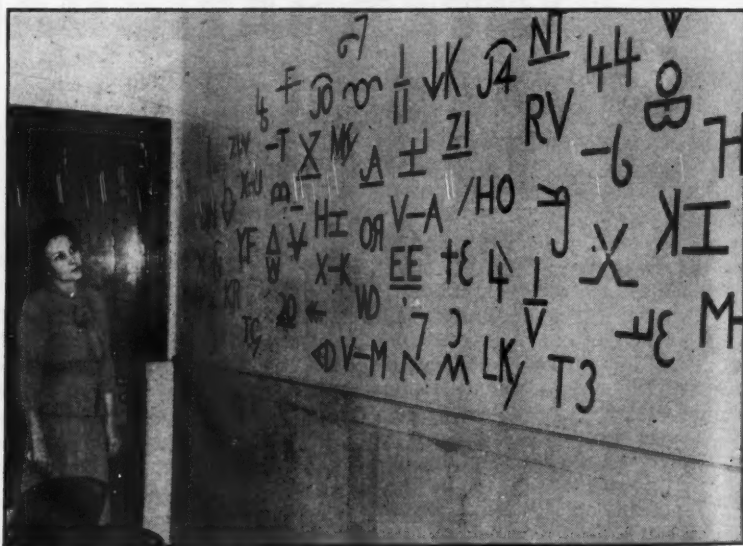
The banks: Behind the 800,000,000 lb. of fruits and vegetables in freezing storage as of Jan. 1 are bank loans aggregating by trade estimate more than \$100 million. Only a small fraction of this investment is imperiled by the fact that some of the food is inferior.

However, it is great enough to portend a squeeze that, in its immediate effect, could shake out dozens of marginal packers and frozen food distributors. Banks holding notes against these firms would undoubtedly suffer losses.

Packers: Those who packed the objectionable food must indemnify the banks—or else. Those who didn't will share the industry's black eye if the substandard food reaches the retail market.

Distributors: Like the packers, they are heavily backed by banks. If they expect to stay in business they may not default their loans.

Refrigerated warehouses: They are holding the undesirable food, and storage charges against it are accumulating. One indication of the warehousemen's precarious position is a recent court decision in Seattle. A packer consigned a \$30,000 shipment to a warehouse. Later, in storage, the food was found to be inedible. Although there was



TO RANCHMEN, BRANDS COUNT, EVEN IN A BANK

"Hieroglyphics" on lobby and boardroom walls of the First National Bank of Lordsburg, N. M., strike a responsive chord in its cowmen customers. Capitalizing on the rancher's pride in his brand, the bank used the brand marks of 73 clients for murals with a subtle promotion flavor.

* New Pages from the DUREZ Diary



in Africa's heat and Alaska's cold, in the dryness of the desert and the wetness of the monsoons, this aircraft instrument tester must test *right* and it does... within one-half second in 1080 degrees... three full turns of the turntable.

High dimensional stability, which affords a very rigid setup, and good flow and finish, are properties that dictated the use of a Durez black phenolic molding compound for the housing and the turntable. Because of its extremely low shrinkage and ex-

pansion, Durez solved three major problems... the mold design for the housing, surface "flatness" on the turntable, and accurate marking of the turntable scale.

Ingenious design permits the economy of a single mold in forming the two halves of the housing, though these are duplicates only in over-all dimensions. Inserts and guide holes are different in the top half from those in the lower. The switchover is obtained by temporary mold changes

with a series of plugs and guides.

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no documentary evidence as to the con-
dition of the food when it left the
packer's hands, the court held the ware-
house responsible.

• **The Future**—The great bulk of the
frozen food in storage is of good quality.
That is attested by the fact that al-
though warehouses held 41% more
frozen foods last month than they held
a year ago, the marketable foods also
were moving out faster as the turn of
the year opened a new marketing sea-
son. This in turn implies a virility
which leaves little doubt about the long-
range soundness of the industry as a
whole (BW—Jan. 4 '47, p. 28).

The question of what is to be done
about the inedible and substandard
foods could easily be No. 1 on the
agenda of the National Assn. of Frozen
Food Packers' annual meeting in San
Francisco next month.

• **Banks Tighten Up**—For the immobi-
lity of these foods has raised additional
questions bearing on future credit. Cer-
tainly the packers responsible for the
low-quality food will find the banks
cool. But even those accustomed to
packing a fair quality product find the
banks on the Pacific Coast are:

(1) Tightening up on credit, even
denying new lines of credit to packers
who would like to hold their inventory
hoping that prices will stiffen.

(2) Considering an inspection system
to protect their future investments.

Both devices are disquieting to the
industry.

• **But How Much?**—Banks have lent
packers 30% to 50% on plant and
equipment, and 65% to 75% of the
value of inventory in refrigerated stor-
age. They have even been stretching
the inventory loan to 90% or 100% at
an accommodation during the brief in-
terval (in transit) between sale of the
pack and receipt of payment from the
purchaser.

To what extent the banks plan to
tighten inventory loans when packers
start freezing the 1947 pack in Mar-
ch has not been disclosed. That will de-
pend in some measure on how grace-
fully packers yield to inspection.

• **Standards**—Inspection of the pack is
anathema to most canners and freezers.
In the first place it restates the need
for universally acceptable quality stand-
ards against which a product may be
graded. Any packer can label the top
30% of his pack fancy, the next lower
50% choice, and the remaining 20%
standard. But without industry-wide
standards these labels mean nothing.

In the second place, inspection of
any sort might provide an opening
wedge for continuous inspection by the
Dept. of Agriculture and grade labeling.
Such a prospect is extremely unpleas-
ant to the majority of food packers.

USDA already has promulgated tem-
perative frozen food standards, but the

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..supervise its operation?



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A.

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OIL AND GREASE ABSORBENT

are unenforceable and a large part of the industry ignores them. At least one large western bank is considering Agriculture Dept. inspection of the frozen foods it finances.

• **Stopgap**—While many industries are formulating standards (BW—Feb. 8 '47, p52), the National Assn. of Frozen Food Packers has not been aggressive. Much of the impetus for standards has come from frozen food distributors, who need some incontrovertible means of judging the quality of shipments from packers. To pacify distributors, the packers' association has created an arbitration setup to handle disputes over quality. This is only a stopgap.

California packers have felt a need for standards. A committee of their Western Frozen Food Processors Assn. prepared tentative standards on peaches, apricots, cauliflower, broccoli, and Brussels sprouts. These were turned over to the national association last fall.

CHANGE AT EXCHANGE

Rounding out a career of nearly 30 years in Wall Street, Edward C. Werle was elected chairman of the New York Curb Exchange last week. He started as a New York Stock Exchange page boy in 1919. In 1923 he went to Johnson &



Edward C. Werle

Wood, Stock Exchange house, representing the firm on the Curb for some years. A Curb Exchange member since 1940, he has been a governor for the past three years.

Werle succeeds Edwin Posner, who has acted as chairman and president of the Exchange.

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During 1939, the last normal pre-war year, 1,824 seagoing vessels cleared the port with a deep



sea tonnage of nearly six million. Inland waterways tonnage totaled nearly 3½ million. During the war, one-eighth of the nation's production of tanker, carrier, Liberty and Victory ships was built and loaded here.

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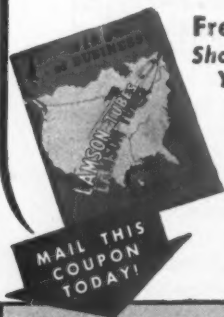
● An inventory of 30,000 manufactured items required so much written records and paper work that orders in this plant fell weeks behind the movement of the finished work.

Lamson Solved the Problem

● Lamson Engineers designed a system of Pneumatic Tubes which now speeds orders, inventory forms, reports and stock transfer slips so rapidly that orders are now being filled on the day of receipt.

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Corporate Dividend Box Score

Common stock dividends maintained a sturdy uptrend during 1946, even if they didn't reach record-breaking levels as corporate earnings did (BW—Feb. 1 '47, p. 15). Of 933 common stocks listed on the New York Stock Exchange, over 50% paid larger dividends last year than in

1945; some 25% maintained the '45 rate, and only 8% dropped under it. Less than 3% entirely eliminated payments to stockholders. Thus, 1946 dividend payments, as a whole, represented an above-average year. The Big Board compilation of dividend payments follows:

Trade	Number of Issues	Dividend Payers		1946 Dividend Results			Approx. Amount of Dividends		% Change 1946 vs. 1945
		1946	1945	Higher	Same	Reduced	1946 (000 omitted)	1945	
		(000 omitted)							
Amusements	19	17	15	13	4	0	\$53,401	\$28,572	+86.9
Automotive	65	49	36	18	19	19	164,806	201,371	-18.2
Aviation	24	18	21	4	9	8	34,787	36,287	-4.1
Building	25	22	21	19	2	1	31,833	22,920	+38.9
Office equipment..	9	9	9	4	4	1	20,040	17,028	+17.7
Chemical	72	68	67	45	16	7	306,935	238,554	+28.7
Electrical equipment	18	16	17	8	6	3	74,011	69,690	+6.2
Farm machinery...	6	5	5	2	2	1	25,352	24,203	+4.7
Finance	28	28	25	18	8	2	64,843	54,973	+18.0
Food	64	59	54	36	19	4	164,633	136,013	+21.0
Garment makers...	6	5	5	3	2	0	3,926	2,923	+34.3
Leather, shoe mfrs..	11	9	7	7	2	0	12,687	11,151	+13.8
Mach'y & metal prod.	90	81	83	38	34	13	93,793	83,125	+12.8
Mining	35	26	25	12	13	3	92,130	84,623	+8.9
Paper, publishing..	29	25	25	22	3	1	35,378	16,490	+114.5
Petroleum	40	39	37	27	12	1	334,063	284,119	+17.6
Railroad	79	50	50	16	27	8	205,240	205,972	-0.4
Retail store.....	71	66	63	60	6	0	210,908	129,655	+62.7
Rubber	10	10	10	9	1	0	30,642	18,218	+68.2
Shipbuilding	5	5	5	1	1	3	6,565	6,291	+4.4
Ship operating....	6	6	5	3	3	0	6,285	3,666	+71.4
Steel, iron, coke...	39	33	35	19	11	6	108,847	98,002	+11.1
Textile	31	30	27	23	5	2	43,323	21,910	+97.7
Tobacco	19	18	17	10	7	1	59,730	56,339	+6.0
Transportation ...	4	3	2	3	0	0	1,348	381	+253.8
Utilities	63	51	47	23	24	5	352,971	326,607	+8.1
U. S. companies op- erating abroad...	24	15	15	5	5	6	43,300	41,511	+4.3
Foreign companies.	16	13	14	6	4	4	65,417	61,549	+6.3
Other companies...	25	22	20	14	7	1	21,355	13,322	+60.3
Totals	933	798	782	468	256	100*	\$2,668,549	\$2,295,465	+16.3

* Payments reduced on 74 issues, eliminated or deferred on 26 issues.

AUTO INSURANCE HIKED

Automobile liability rates were sharply increased this week. Twenty-seven so-called "nonregulated" states, the District of Columbia, and Alaska were affected in the move made by member companies of the National Bureau of Casualty & Surety Underwriters.

Specifically excluded from the order (which raises rates for the third time since the war's end) were states where local authorities have the say in rate revisions. However, discussions under way may result in similar upward adjustments in areas thus far exempted.

In the areas affected, rates covering bodily injury have been upped to a point averaging about 10% above their prewar level, the bureau reported. Property damage rates have been hiked even more: for private passenger cars, 30%; for commercial vehicles, 40%. Property damage rates now average about 80% higher than in prewar days.

The bureau said the new rate rise was

caused mainly by (1) sharp recent increase in the number of liability claims and (2) greater costs of settling such accident claims.

AIRCRAFT MERGER OFF

Consolidated Vultee Aircraft Corp. and Lockheed Aircraft Corp. will not be merged. Discussions under way since last summer to determine feasibility of the proposal (BW—Sep. 21 '46, p. 56) have now been definitely dropped, it was announced jointly by Harry Woodhead, Consolidated Vultee president, and Robert E. Gross, Lockheed head.

Reasons for abandonment of the plan appear to be many and varied.

The Dept. of Justice, for example, said to have raised objections. The drop in the stock market since the plan was suggested was another deterrent. As Washington reports indicate the department lost much of its attraction when it was learned that heavy capital gains taxes might be required.

LABOR

Cities Fear Union Pressure

States and counties also seek answer to growing problem of employee organization and walkout threats. Strikes in vital public services prove costly to business.

The nation's first rash of teachers' strikes has given dramatic notice that public officials must now face the same pressures and tactics as industry. State, county, and municipal authorities have dealt with employee associations since the early 1830's. Relations until last year were relatively free from the problems of unionization long common in industry. But as 1946 drew to a close, it was clearly evident that the honeymoon was over. Now, militant organized action by public employees is accomplished fact.

Strike Front—Recent surveys disclosed that an even dozen major teachers' strikes have occurred since the school year began last September. The longest, in St. Paul (BW—Dec. 7 '46, p. 89), lasted a month. All together, more than 2,000 teachers have participated in walkouts. More than 50,000 children have been affected.

Currently, more strikes are looming. Demands for higher school salaries are being pressed in many states. Strike threats have been heard in New York City, Chicago, Boston, St. Louis, Buffalo, and other cities throughout the country.

Costly for Business—But while teachers' strikes have monopolized headlines,

they have been only a part of a general surge of public employee disputes. Business management shares government concern as unionization takes a firmer grip on, for example, transportation workers. Any stoppage of vital public services quickly hits business and industry pocketbooks, by forced shutdowns.

The Rochester (N. Y.) strike of municipal workers (BW—Jun. 1 '46, p. 37) demonstrated that last year. Even if sympathy strikes had not occurred, the cost to business and industry from interrupted public services would have been high. But a general sympathy strike did occur, testifying to the increased importance organized labor itself gives to public workers' unions.

Official Concern—The result has been increased attention to public employee organization. City officials in the American Municipal Assn. devoted most of their last conference to their new labor problems. Federal, state, and municipal civil service executives in the Civil Service Assembly of the United States & Canada have named a special committee on unionization. Its assignment is "to explore the dangers to orderly government" from public workers' strikes.

The concern has been reflected, too, in state legislative sessions. Demands are

being heard for special legislation to restrict the union rights of public employees. The principal target is the right, claimed by many unions, to strike against public as well as private "bosses."

Would Ban Coercion—Most current proposals would permit public employees to join a union, but would not permit any contract which would force public employees to join a union against their will. They would not permit officials to bargain exclusively with any one union, and they would bar strikes by public workers.

Pointing up the issue was an announcement that at least 68 municipalities recognized unions for the first time in 1946. Currently all of the nation's 14 cities with more than 500,000 population have contracts with one or more unions. Approximately 60% (or 618) of the cities with populations exceeding 10,000 bargain with some union. And union pressures for recognition are continuing.

Activities are revolving primarily around A.F.L.'s American Federation of State, County & Municipal Workers and C.I.O.'s rival United Public Workers. The former is right-wing and the latter has leftist tendencies. Little difference has appeared, nevertheless, in organizing and bargaining techniques, or in willingness to strike in order to win demands.

More Walkouts—A "marked increase in 1946 in number of municipal strikes" has been reported by the International City Managers Assn. Both A.F.L. and C.I.O. unions have been involved.

In addition to teachers, these walkouts involved garbage collectors, public works employees, garage mechanics, powerhouse crews, and other workers generally paid on an hourly basis. Most strikes were small in size (with fewer



In Albany, N. Y., as elsewhere, public servants demonstrated last week the old docility was gone. Members of state employees' unions converged on Capitol steps to see "the boss," and to demand more pay at a budget hearing.

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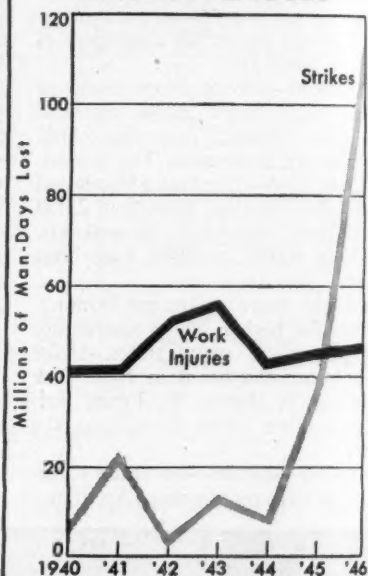
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HOME OFFICE AND PLANT - SAN LEANDRO, CALIFORNIA, U. S. A. - SALES AND SERVICE THROUGHOUT THE WORLD

than 300 participating) but were effective in disrupting entire municipal operations. As a result, most were short-lived. However, a strike of 310 city employees in Pontiac, Mich., went 42 days before wages were compromised.

• **Just the Prelude?**—Strikes so far have been regarded by city administrators largely as warmups. They fear a strengthened union position may lead to more dangerous stoppages. Last year a strike threat by unionized New York City subway employees was narrowly averted. Workers won a 20¢ hourly pay raise. Mayor William O'Dwyer warned that a striking civil worker is "subject to charges of delinquency and misconduct." Suspension, discharge with loss of pension rights, and forfeiture of all rights for reinstatement were threat-

LOST TIME AND ITS CAUSES



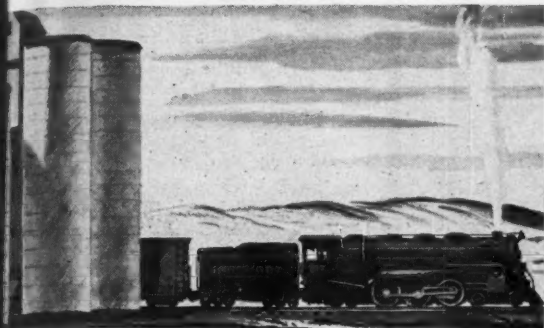
Data: Bureau of Labor Statistics

© BUSINESS WEEK

Work injuries took a toll of 47 million man-days of labor in 1946. While more time was lost because of strikes last year—113 million man-days—that was a sharp departure from the usual trend. Strikes are unpredictable, but employers can expect a steady, high drain on production from injuries. Preliminary Bureau of Labor Statistics figures for 1946 show 2 million workers were disabled on the job; 16,500 of them died, 94,900 were permanently disabled. If allowances are made for future effects of last year's deaths and injuries, cumulative lost time will come to 237 million man-days—equivalent of full-time employment of 790,000 workers for a year.

Let's all keep 'em moving!

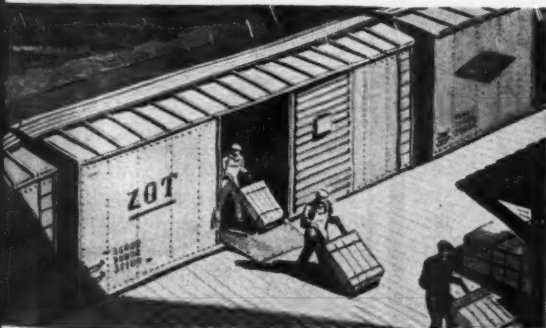
One-third more freight service with one-fifth fewer freight cars!



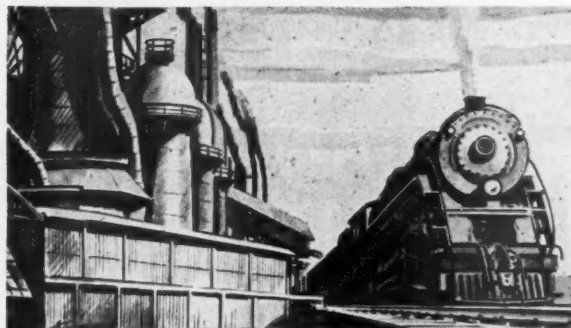
In 1946 the American farmer grew record-breaking crops. And American industry—in spite of strikes and shortages—produced mountains of consumer goods. It was the job of the nation's basic transportation—the railroads—to carry most of these crops and goods to market.



Today the railroads have fewer cars because production delays have made it impossible for them to get delivery of enough of the new freight cars they have ordered. Meanwhile, the effect of wartime wear and tear on the existing supply of cars is taking its toll.



Railroads are moving trains faster—tightening up operations all along the line—and many shippers and receivers of freight are helping get more work out of each freight car—by prompt unloading and loading six days a week. That's one way to help meet the situation.



It turned out to be a big job: more freight to move more miles each week than the railroads had ever before been asked to transport in peacetime. And all this record-breaking farm produce and industrial production had to be handled with fewer cars. Why?

IN 1929—

2,465,000 freight cars
moved 447 billion ton-miles—

IN 1946—

1,906,000 freight cars
moved 590 billion ton-miles—

In the face of huge demands and too few cars, the railroads are hard at work to get the most out of the cars they have. As compared with the previous peacetime peak (in 1929), *one-fifth fewer cars* are turning out *one-third more ton-miles of transportation service!*



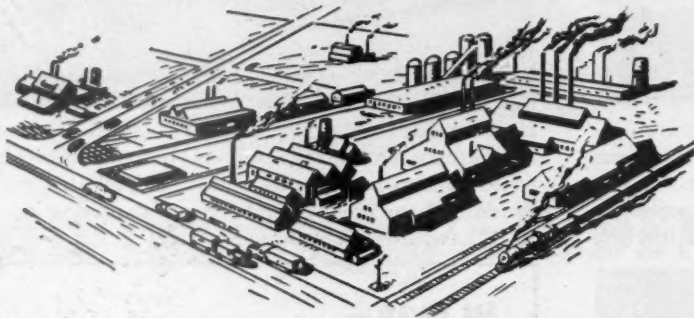
If the average time it takes each car to handle a load can be reduced by just *one day*, the equivalent of 100,000 more cars would be made available. America's industry and its farmers, working in partnership with the railroads, can lick this transportation problem.

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IN PARTNERSHIP WITH ALL AMERICA

WASHINGTON 6, D. C.

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SANTA CLARA COUNTY *California*

The population center of the Pacific Coast

ened. But negotiations to a compromise averted a showdown.

A similar warning in Milwaukee ended a ten-day strike of 270 municipal employees without an immediate wage increase.

• **Blamed on Budget**—A city management attitude of refusing to deal with unions on wage increases is defended as a budgetary necessity, not antiunionism. Wage schedules are mapped out prior to the beginning of a fiscal year. Upward adjustments may throw an annual budget out of kilter.

Such an explanation wins little sympathy from employees who see rates being granted by private employers of similar classifications of workers. The argument is that their higher current living costs can't be met with future raises. They argue, too, that cities never hesitate to lower wages during a period of declining tax income.

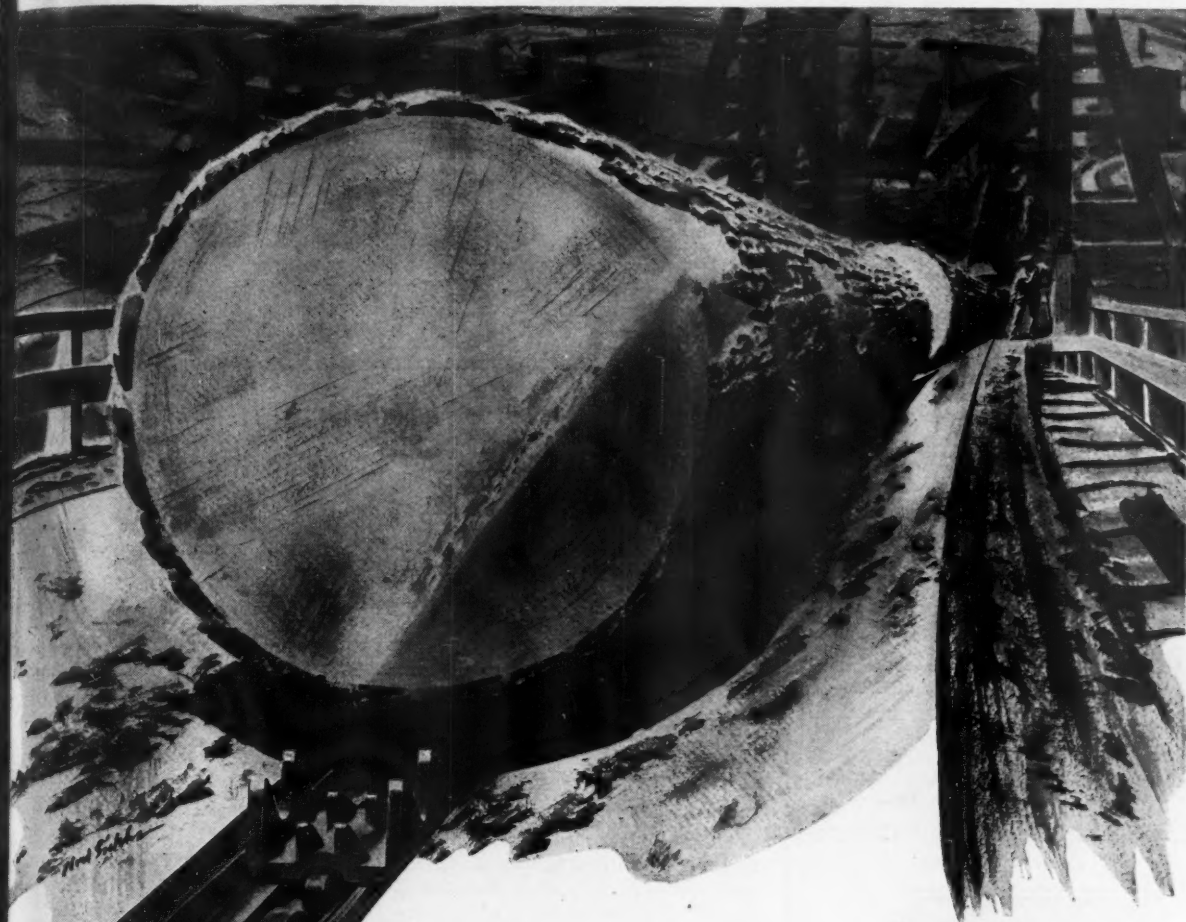
• **Pledges and Ordinances**—With demands piling up, city managements are seeking ways of assuring continuous normal operations if deadlocks should develop. Compulsory "no strike" pledges are now required under a city ordinance covering employees of Portland, Me. Dallas is enforcing an ordinance passed in 1942 which bans membership in unions for all city employees. Court decisions so far have upheld the ordinance. Tulsa courts have ruled that garbage collectors may join unions, but may not strike.

Alabama's attorney general recently advised the University of Alabama that it has no legal right to enter into a contract with any labor union. Under 1939 law, unionization of state employees is "contrary to the public policy," hence can be banned, according to the official. An earlier opinion extended the policy to municipal employees, since cities are subdivisions of the state. However, teachers, hospital employees, clerical workers in state liquor stores, and public works employees are unionized in Birmingham.

• **Police Unions Slowed**—Opposition to unions of municipal workers is stronger on the issue of police organization. Police union charters specifically prohibit strikes and guarantee impartial police work during strikes or picketing of other unions. Despite this, state courts consistently have upheld arguments that police unions are against public welfare. The U. S. Supreme Court gave tacit support to this position by refusing to review a Mississippi Supreme Court decision that Jackson, Miss., could legally discharge a policeman for refusing to resign from a union.

Result of this opposition has been snail's pace progress for A.F.L. police unions and still less for C.I.O.'s. The International Assn. of Chiefs of Police (which represents the municipalities) recently announced that only ten of

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AFTER 23 YEARS OF SERVICE

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One California mill for example, regularly discarded its log haul chains after six months of use.

They called upon Brake Shoe's American Manganese Steel Division to do something about the rapid deterioration of the chains they were using.

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Brake Shoe's metallurgical skill and

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cities with more than 100,000 population have unionized police. Recent progress has been reported in smaller cities, such as Raleigh, N. C., and Rome, Ga.

Less opposition has been raised to unions of firemen, who also are barred by their own charter from striking.

• **Need for Sound Policies**—Union pressure has led to increased recognition of the need for sound labor policies in public administrations. The American

Municipal Assn. urged that the positions of cities should be strengthened by laws that:

- (1) Bar strikes by municipal workers
- (2) Bar city employment to members of subversive groups or to strikers and leaders judged guilty of endangering public health, safety, and welfare (Subversive groups were defined to include unions "which do not profess allegiance exclusively to the United States.")

THE LABOR ANGLE

Victory

Although Sen. Taft has promised that the Senate will have labor legislation on the floor by Mar. 15, it is still impossible for business to assume much about what the new laws will be. There remain too many imponderable factors which will be decisive in determining how far Congress will go and whether the veto power of the President will be used and sustained.

One prediction about changes in our labor laws may, however, be ventured with some certainty. Employers will get an increased measure of free speech under the Wagner Act.

In the spirited debates which have been raging over proposed changes in the way we deal with union-management problems, the issue of free speech for employers in labor debates has been almost beyond controversy. It appears either that business has made its case on this point or the opposition has concentrated on what it regards as more important matters.

Unworried

The comparative calm with which the unions face changes in the Wagner Act that will license much greater expression of employer opinion is of considerable significance. The fact is that, on the whole, organized labor is not much worried about what employers can or will do on this sector.

This unusual aplomb rests on the belief that employers have been fighting—in their drive for free speech—for a principle which they won't be able to utilize effectively once it is secured. For the present, at least, this belief may not be far wrong.

Although business is divided on such matters as the closed shop, industry-wide bargaining, and kindred issues now in the forefront of discussion, it has been singularly unanimous on the free-speech question. Yet, now that it seems about to win what it has wanted, one looks in vain

for some planning of how it will make use of its hard-won right.

If a business policy maker is pressed closely enough on the question, he will reply that he wants freedom of speech so that he can call this union Communist or say that another is racketeering.

Hence it is no wonder the unions are not worried. This old invective has long been ineffective in impeding or embarrassing labor organizations. Certainly, if employers cannot do better than that, the unions can consider free speech for management an academic matter.

Lag

But it is possible to do much better. There has been a distinct lag between progress in advancing toward the free-speech goal and thinking about how that free speech will be used.

There may be some pretty strong and intemperate language employed by management when it gets a franchise to speak its mind. Much of that first reaction may overshoot the mark. Some of it may boomerang. But after the first release of pent-up resentment, most employers can be counted on to settle down with programs designed not to break the unions but to dull the clash of interests between employer and employee which most union propaganda promotes.

Clearly, the companies which can move quickly into this second and constructive phase of free-speech utilization will be in the best position to reap benefits from the new freedom. And it is just as clear that it is not one bit too early for industry to begin doing some hard thinking about joining up public relations and labor relations techniques. Until that kind of thinking bears fruit, the unions don't need to be much concerned about losing the free-speech edge they have enjoyed.



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U.E. Begins Talks

Wage demands undisclosed pending unified drives by C.I.O. unions. Strike crisis surrounds oil and rubber bargaining.

Negotiations between key electric manufacturing companies and C.I.O. United Electrical, Radio & Machine Workers opened quietly this week. First discussions were exploratory, and still left undisclosed the cents-an-hour demand U.E. will make on big employers this year.

It is possible that U.E. will make wage demands until C.I.O.'s coordinated wage position has been revealed in steel negotiations (BW—Feb. 11 '47, p. 8). With some notable exceptions—such as textiles, oil, and rubber—C.I.O.'s major unions are hinging their wage campaign on that of C.I.O. President Philip Murray's steelworkers.

• **Opening Demands**—U.E.'s negotiations covered 125,000 General Electric employees in 84 plants, and 75,000 Westinghouse workers in 58 plants. These groups and the electrical division of the General Motors Corp. customarily set the contract pattern for the entire industry. Contracts expire March 31, but Murray has urged that an extension be made if necessary until the present confused portal-pay situation is cleared.

The union's demands on Westinghouse and General Electric center primarily, thus far, on a proposed social welfare program (BW—Jan. 11 '47, p. 8). It wants company-financed, jointly administered health and welfare insurance. It also is seeking old-age pensions to supplement federal benefits, severance pay, equal pay for women workers, and improved vacation and holiday clauses.

One demand, expected to be a stumbling block, asks for a union shop instead of maintenance of membership as now provided by contracts. Another would require payment of workers on a portal-to-portal basis.

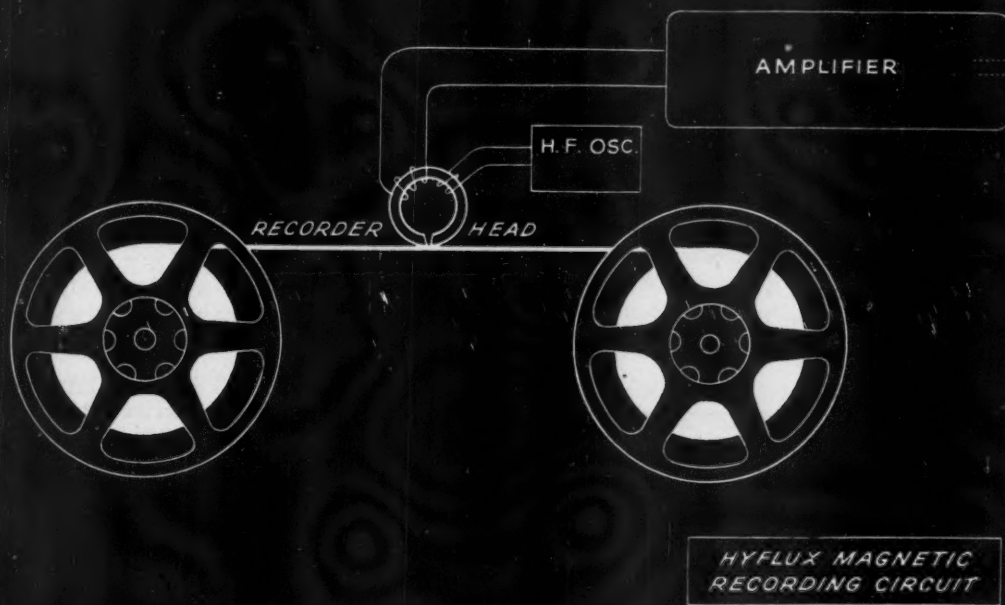
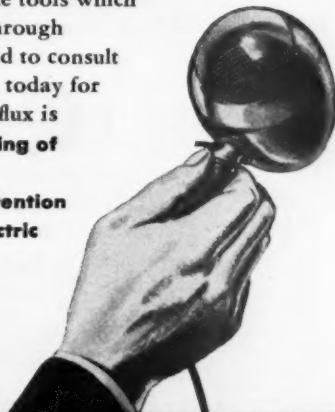
• **A "Down Payment"**—Although the union has carefully withheld any announcement of a wage objective, its leaders have indicated that they hope to recover 27¢ an hour which the claim workers have lost in buying power since January, 1945.

U.E. contracts for 1947 already have been signed by what the union says is a "substantial number" of small employers. These provide "down payment" wage increases averaging 10¢ an hour and have reopening clauses for April or May. Employers who have already signed contracts will be expected to meet the 1947 wage pattern. Most, however, will not be required to pay

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The new Hyflux magnetic tape has changed sound recording from a mechanical operation to a combined electronic and magnetic circuit with mechanical driving mechanism to attain unexcelled reproductive quality. The elimination of mechanical noise inherent in previously used sound recording techniques is a major factor in the utility and flexibility of this new medium. Permanent magnets have been useful for many years in the field of sound in transforming mechanical energy into electrical energy, but the introduction of Hyflux, which is a finely divided magnetic material, establishes a new transformation—that of electrical-to-magnetic-to-electrical energy. The result is a high-fidelity, noise-free, continuous recording adaptable to a wide field of application. Features of instantaneous and repetitious erasure, visual and audio editing, as well as permanency attributable to the high coercive force of the magnetic material, and durability due to the choice of paper used combine to offer the development engineer one of the most versatile tools which he has encountered for many years. Our engineers, experienced through several years' development work on Hyflux Magnetic Tape, will be glad to consult with you on any technical applications which you consider feasible. Write today for our engineering bulletin EBT 101. A few of the uses for which Hyflux is currently being tested and which indicate favorable reactions are:

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IN THE WEST



IN YOUR INDUSTRIAL FUTURE

retroactively the difference between their early raise and the figure finally set in major contracts.

A typical provision is that recently written into a contract between U.E. and Copeland Refrigeration Corp., Sidney, Ohio. Copeland gave an interim increase of 5¢ an hour. The contract specifies it is to be "credited to whatever the national wage pattern may be."

• **Glass an Example**—A recent example of how other C.I.O. unions are tying their wage campaigns to the steel pattern is the flat-glass contract (BW—Feb. 15'47,p98). Glass workers settled for a 3¢ hourly wage boost, but, significantly, left the way clear for a further increase this year. The new contract provides that the wage clause can be reopened once between May 1, 1947, and Feb. 1, 1948, when the contract expires. Retroactivity, as well as the increase, can be negotiated. If parties cannot agree, the dispute must go to arbitration.

No mention, of course, was made of imminent steel negotiations during the flat-glass bargaining. However, all negotiators had steel in mind. It was tacitly understood that the glass union considers the 3¢ raise only a "down payment" against what Murray gets in steel. The union will go after the balance once the total figure has been set in steel.

• **Other C.I.O. Negotiations**—Textile wage increases are being negotiated without a tie-up to steel (page 88) because of the special problems in the industry. And bargaining in oil and rubber industries apparently has been divorced from general C.I.O. policy as strike threats developed:

• The United Rubber Workers began taking a strike vote in plants of the "Big Four" companies. The C.I.O. union's demand for a 26¢ hourly wage hike recently was refused by the B. F. Goodrich Co., Firestone Tire & Rubber Co., Goodyear Tire & Rubber Co., and United States Rubber Co. The companies, in joint negotiations, asked for a 90-day recess in bargaining (BW—Feb. 8'47,p94).

• C.I.O.'s Oil Workers International Union threatened strike action against a number of major employers who have resisted 1947 wage demands (BW—Feb. 8'47,p84). A walkout set for the first of the week was delayed to permit negotiations on "last minute wage offers" by several companies.

Strike notices in the oil industry were filed in January, so that 30-day notices had been given when 88 contracts expired Feb. 15. The union is demanding a 25¢ hourly increase, equivalent to that given already by Sinclair Oil Co. Shell Oil Co. has offered a 10¢ hourly increase and a \$17.70 monthly cost-of-living bonus, which it says figures out to an increase of slightly more than 20¢ an hour.

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Written, sealed proposals will be received by War Assets Administration, Post Office Box 2707, Washington 25, D. C., until 2:00 P. M., (EST), April 9, 1947. At that hour, all proposals will be publicly opened and read at the address given below.

Proposals should be submitted in duplicate, with the following notation on the envelope: "Sealed Proposal, Otis Elevator Company, War-39". Information on how to prepare and submit a proposal may be obtained from any War Assets Administration Regional Office.

Credit terms may be arranged for the purchase of these Government-owned facilities. The War Assets Administration reserves the right to reject any or all proposals.

Address all inquiries to:

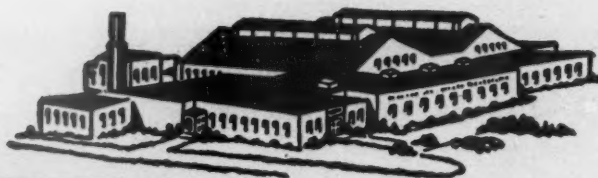


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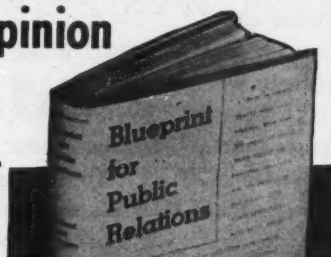
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Pay Compromises Dim Textile Strike Threat

The possibility of widespread wage strikes in the southern cotton textile industry was virtually eliminated last week. Two bellwether mills and the Textile Workers Union of America (C.I.O.) compromised on a 10% wage increase. Evidence that a general pattern had been set could be seen as 10% raises were given to workers by some of Dixie's largest nonunion employers.

• **10% Instead of 10¢**—Southern mill operators balked originally at the 10¢ hourly raise given by northern textile plants (BW—Feb. 8'47, p83). The 10% figure subsequently worked out in negotiations is equivalent to about 8.6¢ an hour. New contracts also raise the minimum from 73¢ to 80¢ an hour, and will boost average straight-time hourly earnings in southern mills from 86¢ to 95¢ an hour.

The southern employers' wage front was broken when the Dan River Mills, Danville, Va., and the Marshall Field Mills in North Carolina agreed on the 10% figure for 12,000 and 6,000 C.I.O. employees, respectively. The union had originally asked for 15¢ more an hour.

• **Nonunion Mills Follow Suit**—As last year, nonunion employees of many major mills quickly got the same 10% raise. The unorganized Cannon Mills in North Carolina, which employ 18,000 workers, led off with an announcement that they were meeting the C.I.O.-won raise. By the end of the week, nearly 10,000 other nonunion employees in mills in three states had been given the pay hike. Objective: to prevent the C.I.O. from being able to use the wage issue as an organizing weapon (BW—Aug. 10'46, p86).

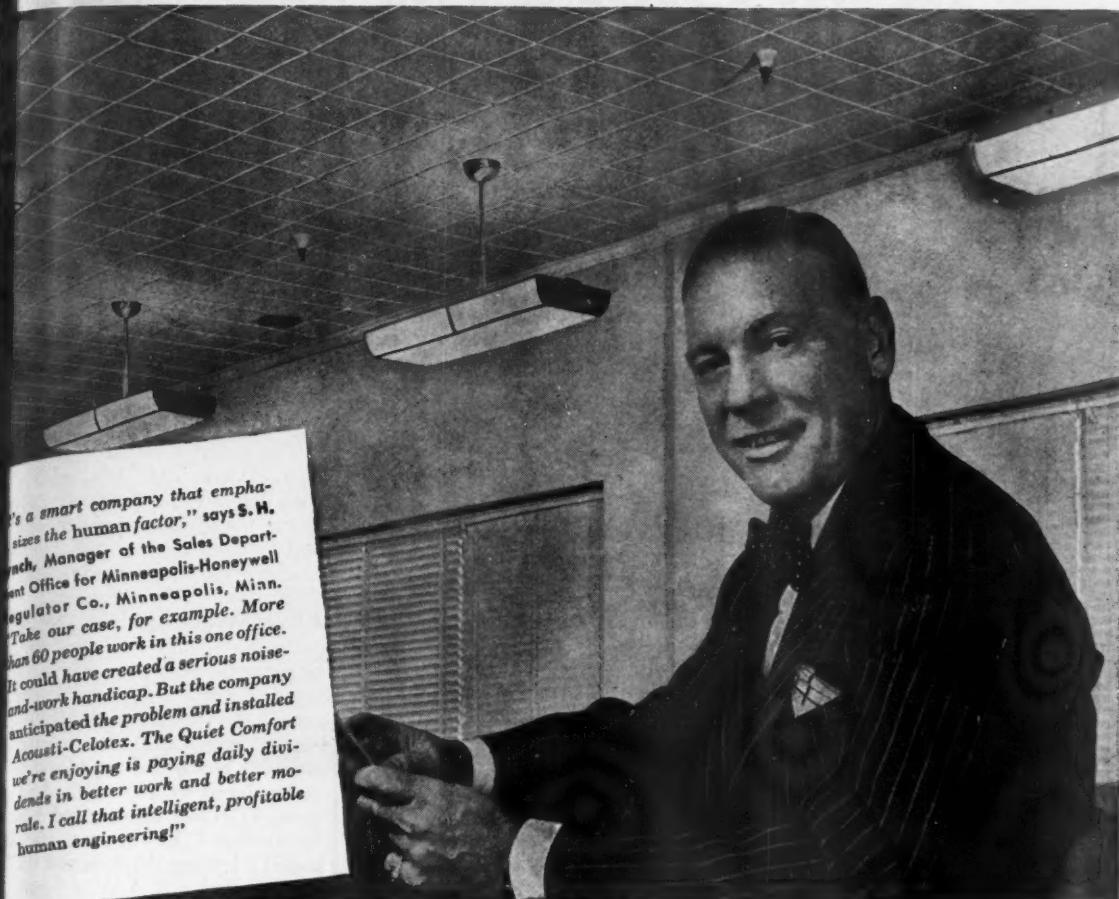
WAGE CASES SHIFTED

Employers involved in wage stabilization violations not yet uncovered or cleared up will be dealt with by the Bureau of Internal Revenue after Feb. 24.

Passing out of existence on that day the National Wage Stabilization Board (BW—Jan. 11'47, p84) will transfer some 50 unfinished violation cases to the bureau's Salary Stabilization Unit, with which most employers have had contact during the war.

SSU, itself a dying wartime mechanism, will dispose of both wage and salary control violations for the time being. With wage-increase restrictions off for more than a year, and decrease limitations abandoned last Nov. 9, it doesn't have much life left.

More than \$31 million in wages have been disallowed as income tax expense



"It's a smart company that emphasizes the human factor," says S. H. Smith, Manager of the Sales Department Office for Minneapolis-Honeywell Regulator Co., Minneapolis, Minn. Take our case, for example. More than 60 people work in this one office. It could have created a serious noise-and-work handicap. But the company anticipated the problem and installed Acousti-Celotex. The Quiet Comfort we're enjoying is paying daily dividends in better work and better morale. I call that intelligent, profitable human engineering!"

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UNITED STATES STEEL

as a result of stabilization violence since controls went into effect October 1942.

The National War Labor Board, which went out of business a year ago, penalized 6,933 employers \$19 million in tax disallowances. Its successor, NWSB, socked 5,500 employers \$1 million.

U. A. W.'s Red Ink

Union paid out \$2 million more than it received during last fiscal year. Strike fund a heavy drain on resources.

The financial troubles of the United Auto Workers (C.I.O.) have been dragged into the open. Publication of the long-delayed annual financial report for the fiscal year ended last May confirms earlier piecemeal information about the union's difficulties.

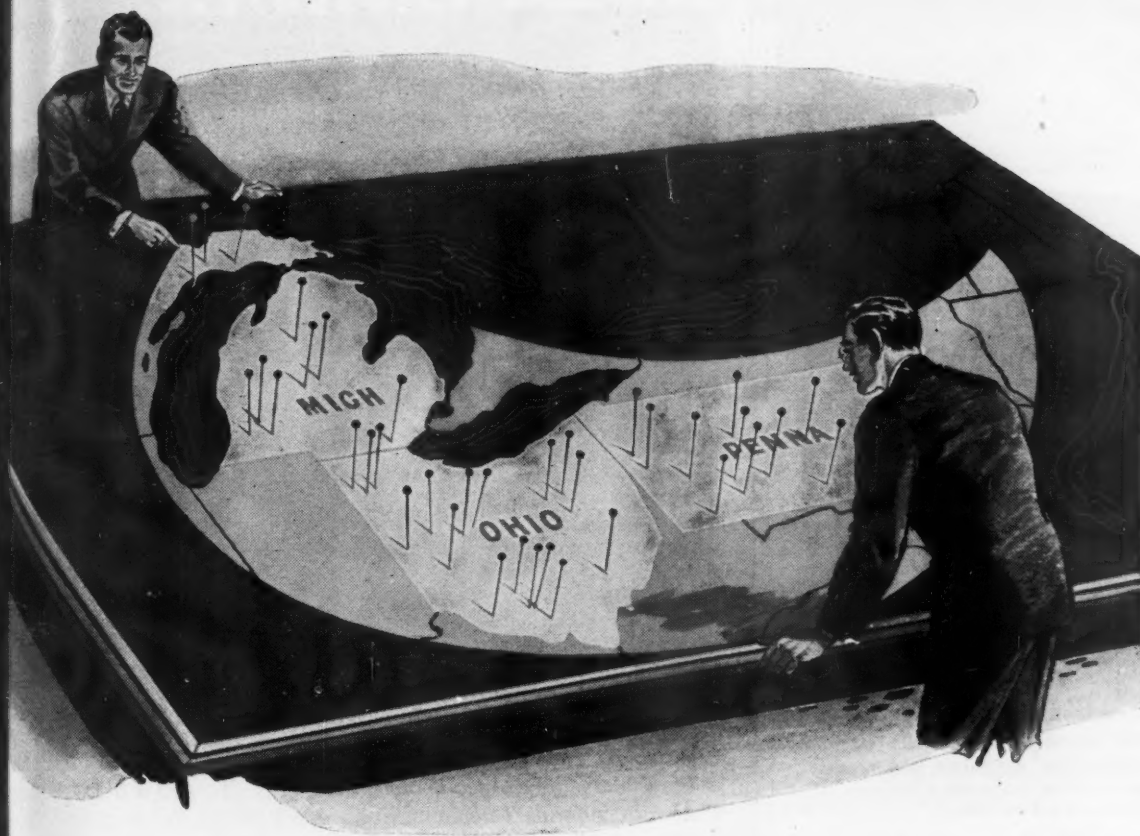
• **Net Worth Declines**—As Secretary-Treasurer George F. Addes put it, the report is the most discouraging "U. A. W. has had for some years. Expenditures exceeded income for the fiscal year by about \$2 million. A tidy holding of government bonds was wiped out and was reduced to \$398,800. And of cash, \$250,000 represented borrowed from other C.I.O. unions, the Animated Clothing Workers and the U. S. Steelworkers. U. A. W.'s net worth dropped to \$715,375 as of last May.

Addes blamed the decline in membership for much of the troubles. From a high of 1,242,569 paying members in March, 1945, the union shrank to 535,986 in May, the lowest in many years. Meanwhile, operating costs went on without reduction, particularly the salaries of organizers and officers, which averaged \$238,198 per month. At the same time, income of the union was only about \$250,000 per month during the first half of 1946.

• **About the Same**—As to the union's finances today, the union report says. Officials in the treasurer's office, however, indicated that up-to-date figures would not show much change from those of last May. Operations have about balanced the deficits which were being piled up during the last half of 1946.

One fact was definite: U. A. W.'s fund was being written in red ink. On today's approximately 800,000 members, it was receiving only \$4 million monthly in allocated funds. Its savings, meanwhile, have been running above \$120,000 per month.

A special assessment of \$1 per member, being made this month as



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The Golden Crescent

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SIREN TECHNIQUE FOR A LONGER PAYROLL

Radio singer Artie Wayne (right) and announcer Mauri Cliffer prove "solid senders" to prospective telephone girls. To end a help shortage, Southern California Telephone Co. beams a daily radio program, "Ten and Twenty Time," to Los Angeles' girl clubs. Once a week they are invited to the studio to meet a celebrity. Result: 100 recruits a month.

March, will wipe out this fund's deficit, but will not leave it any great cushion as long as sizable walkouts continue.

UNION SEEKS INCENTIVE

Increased earnings under an incentive bonus plan have ended opposition of another union to a policy of linking pay and output. The Independent Mechanics Educational Society of America currently is asking employers to include an incentive bonus in new contracts.

The bonus plan now being advanced by M.E.S.A. originated in Cleveland, where an incentive plan tested by Apex Electrical Mfg. Co. and the International Assn. of Machinists received wide attention (BW-Oct.26'46,p102). Other employers watched its success. One, the National Acme Co., adopted an incentive plan first for supervisory personnel, later for all shop workers. Under it, employees get bonuses based on a percentage of the value of goods shipped.

M.E.S.A. represents a group of National Acme workers, and the union leaders were quickly impressed by the way the plan worked out for them. Early this year they demanded and got a similar bonus plan from the Baker Bros. Co. of Toledo, Ohio. In return they

settled for a 5¢ hourly wage increase.

During the first 30-day period under the new percentage plan, the bonus amounted to an average of about 1¢ an hour for all Baker Bros. employees. Both the union local and company agreed the program had had "a distinct stimulating effect" on production, and had improved plant morale.

SCORE CARD

Frederick Crawford's Thompson Products, Inc., employees recently voted (for the seventh time) against representation by an outside union. Latest loss in an NLRB vote (14-10) was A.F.L. Teamsters Union. The United Auto Workers (C.I.O.) and International Assn. of Machinists were beaten in earlier union votes.

C.I.O. brewery workers last week won an NLRB election (1,734 to 259 for union) but the Pittsburgh "beer war" was still on (BW-Nov.23'46,p10). Rival A.F.L. teamsters refused to be named on the ballot. They protested that although they are competing for drivers, all brewery workers could vote. The teamsters demanded a new NLRB vote, said deliveries will be halted.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
FEBRUARY 22, 1947



Don't fail to evaluate realistically the momentous developments that can now be foreseen on the international diplomatic front.

Next month's Moscow conference can no longer be appraised primarily as a meeting to write a German peace treaty.

Actually it is turning into a tremendous contest of strength between the U. S. and the U.S.S.R.

In this showdown, the U. S. had counted on the full backing of London. But this month's economic crisis has exposed Britain's desperate weakness. London must reduce, not expand, its commitments—both economically and militarily.

Nor can France, the other member of the Big Four, be expected to offer Washington much support.

Paris is still hopelessly divided politically, with Left-Wing elements in the government more inclined to bargain with Moscow than with Washington.

The U. S., however, has valuable assets on its side. It is confident that George Marshall, Secretary of State, will use them effectively in bargaining with the Russians.

Even without the atomic bomb, U. S. military strength—backed by its huge and effective industrial machine—awes the Kremlin negotiators.

So does American ability to provide modern machinery and technical know-how to friends.

The fact that Washington has, so far, refused to reinstate wartime priorities on foreign equipment orders—even for friends—does not mislead the Russians.

Moscow knows that if American security is threatened, even the present Congress would see that essential supplies were made available where needed.

Marshall is taking with him to Moscow as many as ten alternate plans for a German settlement.

Objective is to be able to negotiate with full elasticity, depending on counter moves made by Russia, Britain, and France:

Not all the U. S. diplomatic maneuvering will take place in Moscow. "Polar diplomacy," under way since last fall, will be dramatized jointly by Canada and the U. S. for the next few months.

Last week's play was made by Ottawa.

Both countries now admit an active program of exploration and development in Canada's sub-polar areas and in Alaska. Apparent purpose is to work out plans for speedy movement rather than for any "Maginot line of the North" facing Russia's long Arctic frontier.

Washington also is maneuvering itself into a highly favorable position on another Russian front.

In Iran, since Soviet forces have evacuated the northern provinces, exploration for oil has been resumed by the Iranians, using American petroleum technicians.

With Russia's total oil production estimated at barely 23 million tons

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 22, 1947

last year, the western powers already have developed an output of 33 million tons in adjacent strategic areas.

Under Moscow's latest five-year plan, Soviet production should reach nearly 36 million tons by 1951.

But international petroleum experts predict Middle Eastern output from U. S.- and British-controlled fields may top 77 million by that time.

Last week's drastic coal crisis has precipitated a radical change in British labor policy.

A government-sponsored mission will leave for Vienna early next week to recruit displaced persons for Britain's cotton mills.

And, despite bitter opposition from the miners' unions, a similar policy is expected to be developed shortly for the coal mines.

Production schedules will be pushed by London when the flow of electric power is resumed on Monday.

While the cut in output this week is serious, it is not so great as had been expected.

The British Industries Fair, to which manufacturers have been booked from all parts of the world, is still scheduled to open in London on May 5.

If your business—at home or abroad—is threatened by possible anti-cartel legislation, you should not overlook the significance of a recent Military Government ruling in Germany.

Presumably with Washington approval, U. S. military authorities in Berlin issued anticartel laws, supposedly patterned on the Sherman Act.

Actually, the new ruling is reported to define cartel companies as those having 10,000 or more employees, rather than as firms monopolizing production in any field.

Fear of U. S. business is that Washington is testing in occupied areas anticartel legislation which might eventually be introduced at home.

In spite of bitter protests, particularly from British textile manufacturers, Washington will allow Japanese mills to manufacture for export.

By 1948, with continued demands from U. S. taxpayers to reduce occupation costs well below the present reported rate of \$12,000 per U. S. soldier, Japanese exports may approach prewar levels.

You can look for a further quick expansion of Argentine financial influence in South America.

Following the big loan offered to the Chileans two months ago, the aggressive Peron government is now planning branch banks of the big Banco de la Nacion in all neighboring countries.

Objective: to promote trade between Argentina and the other countries of Latin America.

Tip to foreign traders: Within two weeks you should hear full details of Washington's plans to blanket the world with a 10¢ air-mail letter service—likely to become available in April.

Patterned after V-mail, it is a stamped sheet of paper which, folded, becomes an envelope. It will be sent as is, however, not photographed.

Foreign air parcel post is likely to follow in another six months.

BUSINESS ABROAD

U. S. Courts French Market

American plants come to life as demand mounts for equipment and products. Shortages and red-tape are big problems. Some companies sell "know-how" to French.

PARIS—American business in France is a big place now and a sizable future. But it's not easy sledding. A never-ending struggle with shortages of fuel, power, and raw materials still faces the makers of American-name products in France. And they must still battle an endless snarl of French red-tape.

Yet over the past year, their factories have come to life. French foreign trade has largely back in private hands. French exporters are beginning to get deliveries from the U. S., and are ordering more. American firms have blossomed again on the Champs-Elysees.

Troubles Ahead—The next five years of the period of the Monnet Plan (BW—22'46,p97)—will be difficult. Some, as in the oil industry, are hoping to expand according to plan. Others fear a coal shortage, inflation, and foreign exchange difficulties may prevent fulfillment of the plan.

For the long run, there is a general opinion that France will remain the most important continental market for U. S. goods.

Obviously, French conditions are still far from rosy.

Rebuilding—The revival of American plants, or of joint French-American plants, is following a pattern different from expansion of U. S. business elsewhere. American firms have vast development plans for Britain (BW—Aug-31

'46,p97), Canada (BW—Oct.5'46,p114), and Australia (BW—Nov.2'46,p101).

In France the job is chiefly one of rebuilding broken pieces. It is apparently too early, or conditions are too uncertain, for any substantial number of U. S. firms to launch new French undertakings.

- Some American firms have pulled out, leaving behind only a selling agency where before they had a manufacturing interest.

- Only a few U. S. firms are in a mood to sink more dollars into French factories, since transfer of profits from the country is in most cases highly uncertain.

- Some large American firms are working out deals to sell their "know-how" to French companies. Westinghouse Electric led the way in this direction before the war. Through a deal with Schneider et Cie., Soc. Schneider-Westinghouse was formed to manufacture in France under Westinghouse patents. This month the Columbia Broadcasting System made an arrangement for manufacture of color television equipment with the French firm, Sadir-Carpentier.

- Manufacturing firms jointly financed by French and American capital are tending to emphasize, both legally and publicly, that they are French companies. Object is to conform to growing French nationalism. Even wholly owned

American plants have predominantly French executive staffs. At least two major Franco-American enterprises—the French Ford company and International Telephone & Telegraph—have drawn in new French capital since the war.

- **Promising Pair**—Films and oil seem to have the best outlook among U. S. industries in France.

American movie showings are about back to the prewar level, with the market divided roughly 50% French films, 40% to 45% American films, and the rest chiefly British.

Under the Blum-Byrnes film accord of last summer, blocked U. S. funds are to be paid in dollars. Of the \$7 million to \$8 million total, about a quarter has so far been transferred.

Americans—primarily Vacuum Oil Co., Texas Co., and Standard of N. J.—also have a major interest in French oil refining. Before the war, 23% of the 8,000,000-ton refinery capacity was U. S.-controlled, 26% was British-controlled, and the remaining half was in the hands of French-owned firms. Most of the plants took a severe pasting during the war, and are even now only back to about half of prewar capacity. But the French hope to do more than merely reconstruct what was lost; the Monnet Plan calls for building up refinery capacity to 13,000,000 tons by 1955.

- **Story of Destruction**—Typical of what has happened and what is planned is the story of Standard Francaise des Petroles. Chiefly owned by Standard of New Jersey, Atlantic, and Gulf, S.F.P. laid down at Port Jerome during the early thirties the most complete refinery in France.

Then came the war. Most of the firm's stocks went up in smoke in 1940. At Port Jerome, and at scattered bulk stations in the invaded zones, the French fired oil stocks. During the occupation the Germans simply packed up and carted away two of Port Jerome's three cracking plants. One of these the zeal-



Ford plant at Poissy, France: After the bombers, reconstruction and limping output.

PERON'S FIVE-YEAR PLAN—V

Marshaling Argentina's Resources

Peron's Five Year Plan is proceeding on the assumption that the legislature will approve the enabling laws submitted to it.

Anyone who doubts the reality of the plan has only to scan the list of changes already undertaken. Most recent economic developments are hitched to the program:

- **Peron promised to free Argentina from the bondage of foreign capital.** To this end, Argentina's war-earned foreign exchange is being spent to advantage. In the last six months the Argentine has bought out foreign owned utilities and paid off foreign debts. Purchase of the British railways for \$600 million brings the total cost to well above \$1 billion. In addition, Argentine loans to European and Latin American countries total \$320-million.

- **The plan calls for new measures of social security.** The Public Health Service last fortnight called for state manufacture of 15 critical medicines. These will be sold widely at reduced prices.

- **Forwarding Peron's power plans,** a joint commission has already reached agreement on the conditions under which the hydro plant for the Uruguay River will be built.

- **Building Schedule—**The plan calls for a vast public works program. New public buildings will cost \$134 million. A thousand primary schools and technical schools for 120,000 students will be built; 40 buildings are proposed for national colleges, normal, commercial, and agricultural schools; 200 postoffices and other public buildings will be erected.

Six terminal grain elevators and 48 storage elevators in the provinces are also planned, at a cost of \$10 million.

Private housing is not being neglected. A competition for a model prefabricated house was held in January.

- **Road and Rail Improvements—**The plan's highway reconstruction program involves expenditures of about \$111 million. In addition to the 1,600 miles of all-weather roads to be finished (map) at a cost of \$33 million, Argentina will improve or build 3,700 mi. of secondary roads. Expenditures this year will be about 40% above usual annual allotments.

While the government has been arranging the purchase of foreign-built railroads, plans for transport (BW—Feb. 1 '47, p102) have been

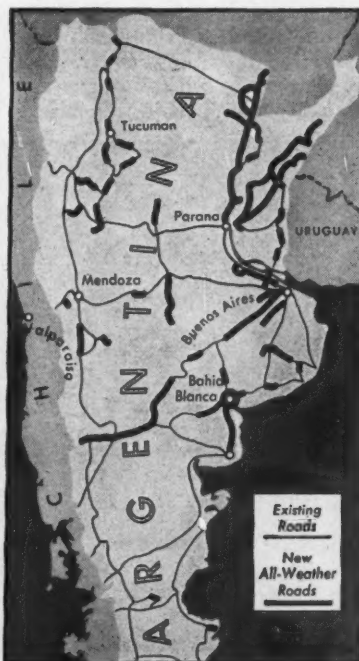
elaborated. About \$60 million (of \$160 million to be spent on transport) will be earmarked for rolling stock. Tenders are being asked this year for 140 diesel-electric locomotives for general service and shunting; 99 steam locomotives, 22 diesel-electric trains for suburban and long-distance runs, 23 triple diesel electric engines, 34 motor coaches, 450 passenger coaches, and 2,800 freight cars.

- **Immigration Pushed—**Symbolizing Argentina's eagerness for immigrants, Peron had tea recently with five Italian stowaways. He lent them money and gave them clothing.

Argentina says it wants 4,000,000 new citizens (to swell the 18,000,000 population). It will spend \$40 million to see that 250,000 get there in the next five years.

- **Ends and Means—**Thus Peron's plan moves ahead—under a panoply of political maneuvers and trappings. Last week the Peronista Party was officially organized. Peron borrowed a peso from a friend to pay his dues as member No. 1. He likewise enunciated a "descamisados decalogue"—maxims for the shirtless workers—vowing fulfillment of the plan.

It remains to be seen how drastic will be the political changes engineered in the name of the plan, and how fully the economic goals are achieved.



ous Nazis took to Russia—where it was never used. Finally, in 1944, Allied bombs knocked out what was left of the refinery.

After the liberation, S.F.P. started to rebuild. Storage facilities were built a year ago the first distillation plant was working. The second is scheduled to start producing in a few months. The first cracking plant is due to start soon. The second cracking plant, recovered from Germany, should start its runs in 1948. Next year may see resumption of brand-selling by French oil firms.

- **Ford Plant Limp Along—**Another dramatic tale of reconstruction is that of S.A. Francaise Ford. In 1939, at the war's outbreak, Ford had just completed a large modern assembly plant at Poissy near Paris. Repeated bombings reduced the plant and equipment to ruin.

The firm's French officials, who stayed through the war, went to work with the coming of peace to build a new factory—the most modern automobile assembly plant in Europe.

Now, because of fuel and material shortages, the plant limps along at mere 20% of its capacity of 150 vehicles a day. Total output for 1946 (while construction was still going on, and including assembly of 3,800 Canadian trucks) came to 12,300 vehicles, 94% trucks.

Another major French firm which faced similar reconstruction problems is S. A. Kleber-Colombes, formerly Goodrich-Colombes and still affiliated with Goodrich of Akron. Supplying 20% to 25% of the French tire market, Kleber-Colombes is now producing more than prewar.

- **New Lease on Life—**Among the many American firms which have sales organizations in France, a number have previously had small plants in the country. These either assembled products, provided service, or made a few parts. A few have cut all manufacturing ties. Many others have taken a new lease on life.

- **General Motors** has half a dozen small plants in France. The chief one is an assembly plant; the others make parts. Now—since demand for U.S. vehicles seems unlikely to revive—the plant will shift to assembling Frigidaires. Both domestic and commercial models will be turned out. Output may reach 12,000 annually when a new assembly line starts this year.

- **Blaw-Knox Co.'s** small plant is getting two or three times its prewar business. Its steel forms for concrete are equipping 80% of the big French dam program, and it also finds good demand for its radio towers.

- **Worthington Pump & Machinery Co.'s** plant in Le Bourget has always been designed chiefly to serve Worthington customers. Now the shop turns out a considerable number of small standard Worthington products.

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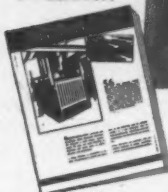
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CANADA

Dollar Deficit

Reserves of U. S. exchange drop as heavy overseas exports increase the need for imports from the United States.

OTTAWA—Canadians are tending to spend too much in the United States, from the foreign exchange point of view. This point is made by Graham Towers, governor of the Bank of Canada, in his annual report to the government.

In effect, Towers says imports from the United States are running very high, and can be expected to continue high in relation to exports to the U. S. They can not be paid for unless Canadian exports to other countries are paid for in currencies convertible into U. S. dollars.

• **Credit Problem**—Canada's present heavy exports are financed by the \$1,250,000,000 loan to Britain, and by credits to other nations. The British loan is about half used up. Loans to other countries are also being rapidly consumed.

This means that Canada, like the United States, must soon decide whether to continue providing foreign credits.

Ottawa fears, however, that even combined effect of the Canadian American loans to Britain won't put country's trade on a pay-as-you-go basis. • **Dollar Trouble**—The Canadian position is difficult. The bigger the overseas exports, the bigger will be dollar imports from the United States. So more credits to overseas customers will mean more difficulty in balancing payments with the United States. This is already draining reserves of U. S. dollars.

According to Towers' report, more successful Canada is in maintaining a high level of employment and come, the greater will be the tendency to import from the United States, and more serious the problem of obtaining dollar exchange.

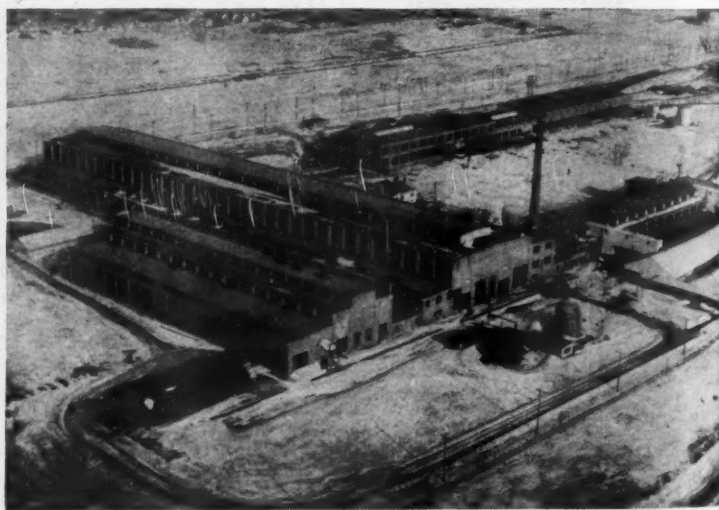
• **Highlights**—The report included a survey of internal finances. Some of the highlights were:

Over-all volume of money in circulation was reported to have continued wartime upward trend, but at a somewhat slower rate. At the end of the year cash in the hands of the public totaled \$1,030,000,000.

Bank deposits at year-end totaled \$5,760,000,000.

With governmental borrowing slowing up, the tendency during the year was for the public to sell some government bonds and to increase savings accounts.

The Bank of Canada reported a profit on 1946 operations of \$21,011,000. This money accrues to the government.

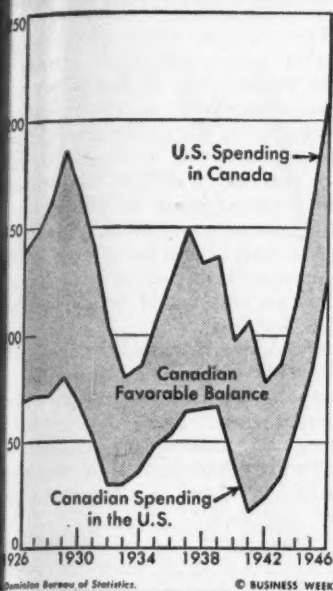


NORANDA EXPANDS—NEXT DOOR

For an extended fabricating program, Noranda Mines, Ltd., big Canadian copper producer, found a new plant at hand. It's the Canada Strip Mills at Montreal East, where Noranda subsidiaries, Canadian Copper Refiners and Canada Wire & Cable, are. The plant, bought from Canada's War Assets Corp., will be run in conjunction with Connecticut's Bridgeport Brass Co. During the war, the mills made brass strips for munitions.

DOLLARS FOR DOLLARS

U.S.-Canadian tourist spending rises



American tourists always spend more money in Canada than Canadian tourists spend in the U.S. Therefore the value of tourism is helping Canada balance its foreign exchange accounts. Last year U.S. spending in Canada hit a high of \$207,000,000. Canada's balance of \$81,000,000, come as it was, has been exceeded many times. The tourist trend with dollar profits is a favorable facet of a boom dollar-exchange picture.

MOST FOR NORTHLAND

OTTAWA—There are signs of increasing international interest in Canada's sparsely populated northland. This is evidenced by the appointment of Hugh Keenleyside, now ambassador to Mexico, as deputy Minister of Mines and Surveys. He also will serve as Commissioner of the Northwest Territories. Keenleyside is one of the top men in the Canadian foreign service. He has been in on all discussions between Ottawa and Washington regarding Arctic defense and development of northern resources. He was the original Canadian secretary, and later a member of the Canada-U.S. joint defense board. The appointee was active in negotiations concerning the Canol and Alaska highway projects. Also, he was one of the leaders in the creation of a joint investigating committee to study joint economic planning for the northwest corner of the continent. The board will study Alaska, Northern British Columbia and the Yukon.

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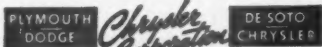
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The Directors of Chrysler Corporation have declared a dividend of seventy-five cents (\$0.75) per share on the outstanding common stock, payable March 14, 1947, to stockholders of record at the close of business February 24, 1947.

B. E. HUTCHINSON
Chairman, Finance Committee



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THE MARKETS

(FINANCE SECTION—PAGE 8)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	153.4	156.0	143.8	169.7
Railroad	49.0	50.0	45.9	64.3
Utility	80.7	81.5	79.1	87.7
Bonds				
Industrial	123.8	123.6	123.6	124.2
Railroad	114.4	114.5	114.3	119.7
Utility	112.4	112.5	111.3	116.1

Data: Standard & Poor's Corp.

Caution Grows, Prices Shrink

An increasing amount of profit-taking, plus a sharp drop in new "buy" orders, last week handed the stock market its first definite price setback in almost a month. And New York Stock Exchange trading sessions up to Thursday of this week were marked by the continued absence of bullish enthusiasm.

• **Reasons**—Why this sudden desire of once-bullish market participants to cash in on available profits and retire at least temporarily to the sidelines?

One reason, of course, lies in the fact that the rally noticeable up to last week was primarily a professional affair. It didn't attract much public following.

Professional traders, obviously, are rarely "long-term investors." They are more interested in quick profits. Thus their operations are necessarily of an in-and-out character, especially during uncertain times like the present.

Wall Street boardroom talk, however, reveals some additional reasons for the sudden change.

For example, many nonprofessional market participants aren't entirely certain yet, in view of last year's market labor-management squabbles, that today's peaceful labor relations will remain unchanged in the weeks ahead. They are still watching that situation very closely. And it was noticeable Monday that prices showed firming tendencies only after it became evident that a Supreme Court decision in the *John L. Lewis* case would be delayed until Mar. 3 at least.

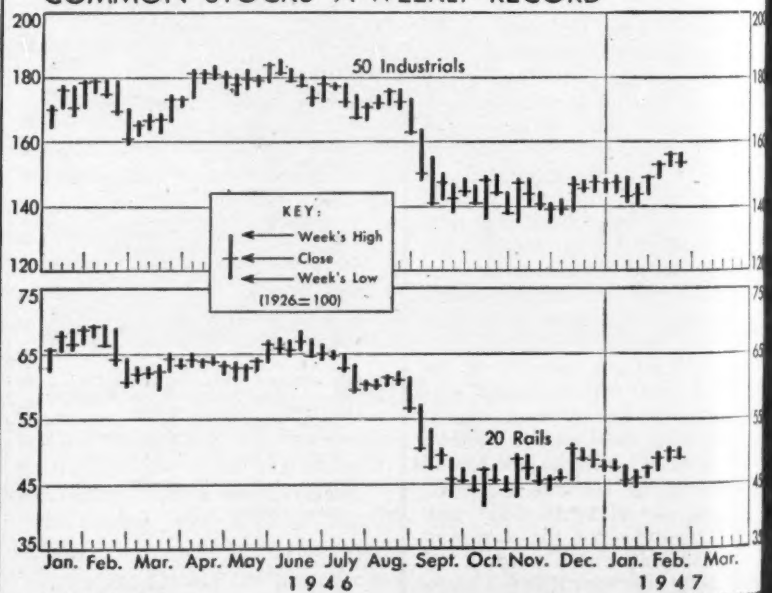
• **Watching Britain**—Likewise noticeable lately has been a growing desire to postpone the making of any market commitments. There is a natural desire to wait until it can be determined just what actual steps Congress intends to take on labor legislation, the budget, and taxes.

Some Street sources attribute some of the recent price weakness to selling engendered by a realization of the serious economic troubles England faces as a result of the recent industrial and coal crisis. And probably playing a part, also, they report, have been other recent developments in the foreign situation.

• **Scattered Rises**—Favorable dividend news and excellent 1946 earnings reports in recent days have inspired quite sharp price rises in the case of a number of the individual stocks concerned. The over-all effect of such encouraging corporate developments, however, has been disappointing.

Despite the urging of Wall Street

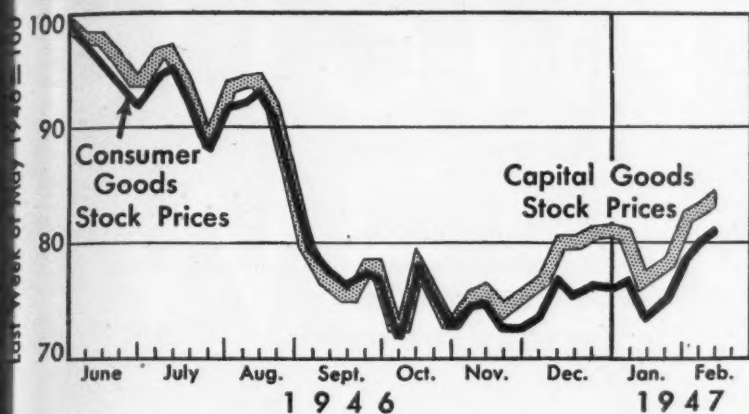
COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

HEAVY INDUSTRIES WIN FAVOR



Source: Standard & Poor's Corp.

© BUSINESS WEEK

...few investors appear inclined to consider the recent recovery as signaling resumption of the bull market. On the contrary, many have come to regard it as a welcome opportunity for ridding themselves of excess investment holdings.

Volume Drops—However, there has been one favorable factor noticeable in the stock market picture lately. As prices have dropped, volume has been sharply attracting.

Capital Goods Group Steps Out

In the 1942-1946 bull market, the so-called consumer goods shares were star performers. Many became favorite "buys" early in the rise. Such prominent members of the group as the movie, liquor, department store, drug, and liquor shares then made spectacular price showings.

As a result, Standard & Poor's weekly price index of consumer goods stocks last May revealed a far-above-average market gain. By then it had climbed 175% above its 1942 wartime low, and 33% higher than its top in the 1929-1937 price upswing.

Pattern Not Followed—This showing upstaged the rise of S. & P.'s capital goods stock average, despite the wartime prominence of the steel, chemical, machinery, and other heavy goods producers. The price index for such shares made a 1942-1946 gain of 125% at its maximum. Its bull market top fell 4% short of equaling the 1937 peak.

The historic bull market pattern calls for the light goods shares to act more dramatically than capital goods stocks for quite a period. However, the latter actually start to skyrocket in the late stages of a boom. And it is normal for consumer goods shares to begin to decline before the heavy goods issues chalk up their bull market peak.

Late in the 1942-1946 boom the consumer goods group did start to fade before the capital goods issues began slipping. But that was the only bull market precedent followed. No violent upsurge of the heavy industry stocks preceded the market's general June-October, 1946, price spill.

• **Two Schools**—This breaking of the normal pattern—and the showing since October of the heavy goods shares (chart)—had some repercussions in Wall Street thinking.

To a few congenital bulls, those factors indicate that we are not yet in a bear market. And this group expects the heavy goods shares to stage their "usual boom rally" once the "1942-1947 bull market" again begins to roll.

Other crystal ball readers firmly believe the bull market ended last spring. But even some of them are more optimistic now about the heavy goods shares than about most other sections of the stock list. However, that isn't because they expect any deferred "normal pattern" to prevail in the end. It's because they look for the capital goods group to enjoy high levels of production and earnings, and freedom from serious labor troubles, for some time.

• **Favorites**—The best-acting stocks recently of those making up the capital goods index have been the farm machinery, building material, copper, rail equipment, and mining and smelting issues. Last week they were 20% to 24% above their 1946 lows (measured by S. & P. individual averages). Steel shares were also up 15%. And machinery and electrical equipment stocks had 17% gains. Some light goods groups, however, have also been popular "buys" lately. Auto and auto-parts shares, for example, have been much touted and by last week they were up 30% and 28%. Leather issues were also up 31%, and container stocks 18%.

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THE TREND

BRITAIN'S CONTINUING FUEL CRISIS

When Winston Churchill lambasts the British Labor Party for collaborating with some blizzards in causing the British coal crisis, he is not talking through his hat anywhere near so completely as those who characterize him as a tired and confused old Tory war dog would like to have us believe.

The fact is that the Labor Party has a large share of responsibility for the crisis. In coal, as well as in transport and other key industries, the Labor Party leaders have been concentrating on long-range socialistic reform to the inevitable neglect of more production now. Production has suffered. These leaders have also let their political supporters in the miners' union block the recruiting of emergency labor for the mines, while the workers at present on the job have been making a poor production showing themselves. And Britain has been exposed to the great risks of running its industrial plant on coal stocks only about half as large as those which were maintained in prewar years. There is blame due for all that.

- When the Labor Party is properly blamed, however, the business of properly allocating the responsibility for Britain's fuel crisis is only begun. Under private management the performance of the British coal industry in the prewar years was such that nationalization became a popular political proposal among millions of Britons who have no doctrinaire interest in socialism. For example, the London Economist, certainly no advocate of socialism as such, recently remarked that "If the [Conservative] opposition were in office they could not do anything very different. They would probably be compelled to nationalize the mines. . . ."

During the war, Winston Churchill's manpower ministers also made their contribution to messing up the coal industry. They drafted young coal miners by the tens of thousands for military service, then ran out of coal miners and ended up by drafting inexperienced boys for service in "the pits." Most of the young coal miners liked what they saw in the course of their military service better than they like life in their narrow coal valleys, and are not going back. Result: a smaller and much older coal mining population than prewar. Hitler, of course, should not be spared in assessing blame for that.

- Insofar as it marks pitfalls which might be avoided henceforth, the assignment of blame for the British coal situation is not an altogether bootless business. Unfortunately, however, it makes no decisive contribution to lifting the crisis which, at present, promises to be of dangerously long duration not only for Britain but also for its associates in many crucial world undertakings.

The blizzards will abate and, no longer a dramatic industrial and political phenomenon, the coal problem will slide off the front pages. But unless tremendous steps

are taken to get the coal industry on its feet, Britain will continue in the grip of a fuel and power crisis. It is estimated that, without any peculiar weather difficulties, Britain's coal production would be running almost 10% behind current requirements, thus introducing the endless series of tie-ups and complications which arise from a basic shortage.

- In the meantime, Britain's coal mines, the country's only major source of industrial power, are ill-equipped and dilapidated. In 1945 not much more than 1% of the coal mined in Britain was mechanically loaded, while in the U. S. A. over 40% of the underground output was handled by loading machines. The contrast in mechanization accounts in substantial part for the fact that American soft coal miners get almost six times as much out of the ground per man per shift as do British miners. Of course, differences in coal seams, laws governing mining, and a myriad of other variables also contribute to the contrast.

In many particulars we, as a nation, are in no position to look down our noses at Britain in the matter of coal mine management. After all, we had no excuse as good as blizzards for the fact that last December all of our newspapers were regularly running headlines such as "Paralysis of Industry Spreads" (Dec. 5) and "Wheels of Detroit Grind to a Halt" (Dec. 6). We were demonstrating our incapacity to cope with a mere labor problem in coal posed primarily by a single individual.

- We have, however, far outstripped Britain in getting coal out of the ground with mechanical efficiency. Plans to speed mechanization in Britain are under way. But we had better put on all speed in telling the British what we know about digging coal efficiently; and they had better listen most attentively and act accordingly—and fast. Upon the effectiveness of the collaboration may depend much of the future welfare of both of us.

DEFINITION OF FULL EMPLOYMENT

Have you been looking for a definition of full employment? If so, we commend to your consideration the one finally adopted by Professor A. G. B. Fisher of the Royal Institute of International Affairs (London) for use in his new book on "International Implications of Full Employment." It is that level of unemployment which will not "provoke an inconvenient restlessness among the electorate." It has technical flaws which Professor Fisher recognizes in looking over a standard collection of definitions, but it has a quality of realism which discussion of full employment in a more or less democratic state often has a tendency to escape.

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